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ECONOMIC AFFAIRS

No. 202



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NATIONAL POLICY AND ISSUES

ACHIEVEMENTS IN SOCIALIST ECONOMIC CONSTRUCTION SUMMARIZED

Beijing TONGJI [STATISTICS] in Chinese No 4, 10 Oct 81 pp 1-7

[Article by Tong Bian [0157 6708]: "Immense Achievements, Rich Experience"]

[Text] The sixth plenary session of the 11th Central Committee passed the "Resolution on Certain Questions in the History of the Party Since the Founding of the PRC." This resolution, using dialectical materialism and historical materialism as a guide and seeking the truth from the actual situation, summarized our party's basic experience and lessons learned since the founding of the state, scientifically expounded Comrade Mao Zedong's historical position and Mao Zedong Thought, and further elucidated the correct path to socialist modernization under our country's circumstances. Conscientiously studying the resolution is an important task of the whole party and the whole nation, and in particular of statistical workers.

What achievements have been made by socialist economic construction in this country since its founding? What experience has been gained, and what lessons have been learned? These are questions that must be clarified when studying the resolution. To answer them we need numerical data. Comrade Mao Zedong stressed "having the 'figures' in mind" and emphasized that "we must pay attention to the quantitative side of circumstances and problems and conduct a basic quantitative analysis." We propose to use certain basic social and economic statistics to discuss, for general reference, some insights regarding achievements in social and cultural construction since the founding of the state, and regarding fluctuations and disproportionalities of production reflected in the statistical figures, which emerge from study of the resolution.

Achievements in Economic Construction Since the Founding of the State

The resolution points out that "in general terms, the history of the Chinese Communist Party since the founding of the People's Republic of China is the history of its leadership of all of the country's nationalities, under the guidance of Marxism-Leninism and Mao Zedong Thought, in carrying out the socialist revolution and socialist construction and achieving immense accomplishments." What, then, are our country's achievements in economic construction since its founding?

Establishment and Consolidation of the Socialist Ownership System

In the initial period after New China was founded, there were three basic economic components. One was the socialist state-run economy, created and developed through expropriation of the bureaucratic capitalist enterprises. This economy constituted the lifeline of the national economy and had the predominant position in the economy as a whole. The second was the peasant and artisan individual economy, which had absolute dominance in the countryside. The third was the private capitalist economy, which accounted for a relatively large proportion of industrial production and commodity circulation. In 1952 these three economic components accounted for 19.1, 71.8 and 6.9 percent of national income respectively. In that year, at Comrade Mao Zedong's suggestion, the party Central Committee proposed the General Line for the transition period: over the course of a relatively long period, socialist industrialization would be carried out and the socialist transformation of agriculture, handicraft industries and capitalist industry and commerce would be gradually implemented by the state. Guided by this general line, and following a series of developments from low-level to high-level forms, by 1956 the great majority of the country had essentially completed the socialist transformation of the system of private ownership of the means of production. Between 1952 and 1956 the relative shares of the economic components in the overall national economy changed as follows:

	1952 (%)	1956 (%)
National income	100.0	100.0
state-run	19.1	32.2
cooperative-run	1.5	53.4
joint public-private	0.7	7.3
capitalist	6.9	...
individual	71.8	7.1
Total industrial output	100.0	100.0
state-run	41.5	54.5
cooperative-run	3.2	17.1
joint public-private	4.0	27.2
privately-run	30.7	0.04
individual	20.6	1.2
Retail Sales of social commodities	100.0	100.0
state-run	16.2	34.0
cooperative-run	18.2	30.1
state capitalism and coopera-		
tized economy	0.4	28.3
privately-run	65.2	7.6

In 1952, 40 percent of peasant households were participating in the mutual aid and cooperation organizations, while only 0.1 percent were participating in agricultural producers' cooperatives; by 1956, 96.3 percent of peasant households had joined agricultural producers' cooperatives, and 87.8 percent of the households had joined higher-level agricultural producers' cooperatives.

It can be seen from these figures that as a result of the three great transformations, the economy under the socialist ownership system already had absolute dominance in this country's national economy.

The establishment of the socialist system of public ownership was of profound importance in liberating the productive forces and stimulating social development. First, it destroyed the exploitation system so that the working people became the owners of the means of production, which opened the way for bringing the activism and initiative of all the workers into play and for creating ever-increasing material and spiritual riches. Second, it thoroughly cast off the inevitable economic crises of capitalist society and opened the way for sustained development of social production. Third, it eliminated the anarchic state of production under the capitalist private ownership system, enabling the state to run a centralized planned economy and to use all of the wealth created by the working people in the people's interest, to consciously adjust the proportionalities between the various departments of the national economy, and to develop social production stably and in coordinated fashion. To summarize, as the resolution points out, "the establishment of the socialist system is the greatest and most profound social change in our country's history and is the basis for all of our country's future progress and development."

Because of a lack of experience, during the process of transforming the old production relations it sometimes happened that work was pushed too fast and was not done carefully enough, and that increased size and a greater degree of public ownership of the communes was blindly pursued, the transition of the ownership system was pushed too fast, distribution according to work and the production responsibility system were neglected in the distribution system, and organizational management was excessively rigid. All of these factors made it harder to bring the advantages of the socialist economic system into play. The third plenary session of the 11th Central Committee cleared up erroneous ideologies and theories, stipulated that with the socialist public ownership system in an absolutely dominant position, a multiplicity of economic components and economic forms will be allowed to coexist, took effective steps regarding policy and system and readjusted and improved socialist production relations. In industry, under the guidance of the state plan, enterprise autonomy was expanded in 6,081 state-run industrial enterprises, establishing closer connections between employee performance and their economic interests and mobilizing enterprise and employee enthusiasm and developing production. In 1980 enterprises with expanded autonomy realized 20.5 yuan of profit on each hundred yuan of industrial output value, 23 percent more than enterprises without expanded autonomy. At the same time, such economic forms as joint management by the whole people and the collective, by the collective and private individuals, and by Chinese and foreign capital, as well as individual management, were expanded, exercising a beneficial effect on industrial development. In commerce, many state-run retail enterprises experimented with various types of

responsibility systems. While developing state-run commerce and collective commerce, some individually-run retail commerce, catering businesses and service trades were restored and developed. In 1980 there were 690,000 individual commercial operations and catering and service businesses, and persons engaged in these accounted for about 10 percent of all persons engaged in retail sales and the catering and service trades. This has had a positive effect by opening channels of circulation, providing greater convenience for the masses and expanding employment. In agriculture, rural economic policy was readjusted, food delivery targets were lowered, agricultural sideline product prices were raised, commune members' private plots were suitably increased, development of family sideline industries was encouraged and supported, the agricultural fair trade was stimulated, production team autonomy was respected; in particular, the peasants were supported and guided in instituting a variety of responsibility system in which compensation was linked to output, rural economic diversity was energetically developed, with excellent results, including increased output and increased income, which are beneficial to both the people and the state, so that the rural economy is in better shape than it has been for many years. All of the foregoing makes it clear that the socialist public ownership system is being steadily improved and further consolidated and the advantages of the socialist system are being increasingly brought into play.

Development of Social Productive Forces

Old China bequeathed us a state of chaos. Under imperialist, feudal, bureaucratic capitalist rule, Old China's economy was extremely backward. Steel output in 1949 was only 158,000 tons, coal output was 32 million tons, electric power output was 4.3 billion kilowatt-hours, and cotton yarn output was only 327,000 tons. Food grain output was only 226.4 billion jin, and cotton production only 8.89 million dan. The working class and the masses of peasants were in an extremely dire straits. After the entire country was liberated, the working class, maintaining a firm alliance with the peasants, grasped nationwide power and set up a people's democratic dictatorship. Under the leadership of the Chinese Communist Party, and as a result of the common efforts of the people of all nationalities, the old superstructure and production relations were replaced, resulting in a rather great expansion of social productive forces. Our country has gradually established an independent, rather complete industrial system and national economic system, as shown below: [table and key on following page]

In the past 32 years there has been a rather evident change in this country's agricultural production situation. Nationwide, 460 million mu of low-lying, wet, easily waterlogged land, saline or alkaline land and land on slopes has been brought under cultivation or reclaimed, ordinary floods on the main rivers have been brought under a preliminary degree of control, and irrigated agricultural land area has expanded by 370 million mu. Between 1949 and 1980, paddy fields increased from 23.3 percent to 25.5 percent of all cultivated land, and the percentage of irrigated land increased from 3.3 to 22.6 percent. In 1980 there were 745,000 large and medium-sized tractors nationwide, 569 times more than in 1952; there were 27,000 combine harvesters, up 94 times, 74.65 million horsepower of irrigation and drainage motors, up 582 times, and 135,000 agricultural trucks, up 473 times. The level of agricultural modernization has increased markedly. The

	单 位 a	1949年	1952年	1980年	1980年为 1952年的倍数 b
一、国民收入 (当年价格) c	r 亿 元	358	589	3,620	5.18*
二、工农业总产值 (当年价格) d	r 亿 元	466	810	7,017	9.06*
农业总产值 e	r 亿 元	326	461	2,106	2.50*
工业总产值 f	r 亿 元	140	349	4,911	18.85*
三、主要产品产量 g					
粮 食 h	s 亿 斤	2,264	3,278	6,364	1.94
棉 花 i	t 万 担	889	2,607	5,413	2.08
油 料 j	t 万 担	5,127	8,386	15,381	1.83
猪、牛、羊肉 k	u 万 吨	...	338.5	1,205.5	3.56
棉 纱 l	u 万 吨	32.7	65.6	292.6	4.46
自 行 车 m	v 万 辆	1.4	8.0	1,302	162.8
原 煤 n	w 亿 吨	0.32	0.66	6.20	9.4
原 油 o	u 万 吨	12	44	10,595	240.8
发 电 量 p	x 亿 度	43	73	3,006	41.2
钢 q	u 万 吨	15.8	135	3,712	27.5

• 按可比价格计算。

Key:

- a. Units
- b. 1980 figure as multiple of 1952 figure
- c. National income (current year's prices)
- d. Gross industrial output value (current year's prices)
- e. Agricultural output value
- f. Industrial output value
- g. Output of major products
- h. Grain
- i. Cotton
- j. Oil crops
- k. Pork, beef, lamb
- l. Cotton yarn
- m. Bicycles
- n. Raw coal
- o. Crude oil
- p. Electric power
- q. Steel
- r. 100 million yuan
- s. 100 million jin
- t. 10,000 dan
- u. 10,000 tons
- v. 10,000 units
- w. 100 million tons
- x. 100 million kilowatt-hours

* In constant price terms.

proportion of mechanically cultivated land has increased from 0.1 percent in 1952 to 41.3 percent now; the proportion of irrigated land has increased from 18.5 percent to 45.2 percent; and the quantity of chemical fertilizers applied has increased from 78,000 tons in 1952 to 12,694 millions tons in 1980. Electric power consumption in the countryside increased from 50 million kilowatt-hours in 1952 to 32.08 billion kilowatt-hours in 1980. The country's output of the main agricultural products has increased rather considerably. The increase has been achieved primarily by improving cultivation methods, the use of intensive cultivation, and an increase in yields per unit area. In 1980 the per-mu yield of grain was 364 jin, up 106.8 percent from 1952, that of cotton was 73 jin, up 135.5 percent from 1952, and that of oil crops was 129 jin, up 31.6 percent.

Industrial construction has made great achievements, laying a rather sound material foundation for the four modernizations, and has created a reliable, progressive base. There is a relatively complete range of industries. Iron and steel, electric power, petroleum, coal, chemical engineering, machinery, building materials, light industry and textiles have gradually expanded; such new branches as aviation, the automotive industry, electronics and organic synthesis have come into being and expanded. Many gaps in our country's industry have been filled. The geographical distribution of industry has been improved and some change has been made in the previous overconcentration on the coast. Although there have been ups and downs in our country's industrial development between 1949 and 1980, the average annual rate of growth still amounts to 13.2 percent. The output of several products of major importance is already in the forefront worldwide. For example, coal output in 1980 was 620 million tons, up 18 times from 1949, moving us from ninth to third place worldwide; our oil output was 106 million tons in 1960, ninth in the world; electrical output was 300.6 billion kilowatt-hours in 1980, up 69 times from 1949, moving us from 25th to seventh in the world; steel output was 37.12 million tons in 1980, up 234 times from 1949, moving us from 26th to fifth place worldwide; cotton yarn output was 29.3 million tons in 1980, up 8 times from 1949, moving us from fifth to first in the world; and output of bicycles was 13.02 million in 1980, first in the world, and up from a figure of only 14,000 in 1949.

Transportation, posts and telecommunications have undergone considerable development. Since the state was founded, a total of more than 30,000 kilometers of new railways have been constructed, so that in 1980 the country had a total of 51,900 kilometers of operating lines, more than double the 1949 figure; more than 980,000 kilometers of highways were in operation, 10 times higher than in 1949; inland navigation routes amounted to 103,000 kilometers, an increase of 47 percent over 1949; the goods turnover capacity of coastal harbors was 217 million tons, while it had been less than 5 million tons shortly after Liberation; civil aviation had 166 domestic routes with a total length of 190,000 kilometers, in addition to international routes to 16 countries and areas amounting to 80,000 kilometers in length. In posts and telecommunications, by the end of 1980 the total length of postal routes nationwide was 4.74 million kilometers, there were more than 20,000 long-distance telephone circuits, and such modern communications techniques as microwave, coaxial cables, communications satellites and under-sea cables were in use.

The level of science and technology has also been increased. The development and large-scale sowing of hybrid rice has had a major effect worldwide; the development of the new cotton variety Lumian No 1 has been highly rated by the relevant

Departments in this country and has attracted extensive interest abroad. Such advanced technologies as nuclear power, automatic control, lasers and fluidics are in use in industry. Success in nuclear experimentation, the launching and successful recovery of manmade satellites, and the successful full-range flight test of a launch vehicle and the like have indicated that our country's science and technology have reached rather high levels in some areas.

Major Improvements in the People's Material and Cultural Life

The aim of socialist production is to raise the level of the people's material and cultural life. Since the state was founded, as productive forces have been upgraded, our people's material and cultural life has been greatly improved.

Nutrition. In 1980, national per capita food grain consumption (commercial grain) was 427.6 jin, up 8.2 percent from the 1952 level; edible plant oil consumption was 4.6 jin, up 9.8 percent; there were also rather large increases in consumption of meat, poultry, eggs, aquatic products, vegetables, fruits and milk.

Clothing. In 1980, a per capita average of 41 yuan was spent for clothing; the average for city dwellers was 111 yuan and that for country dwellers 25 yuan. In 1980, per capita cloth consumption was considerably higher than the 1952 level for both city and countryside.

Daily-use articles. In 1980 the average per capita expenditure on daily-use consumer goods (including medicines, cultural products and the like) was 25.9 yuan; the figure was 64 yuan for city dwellers and 17 yuan for country dwellers.

Housing. In the past 3 years the country has built more than 180 million square meters of dwellings for blue-collar and white-collar workers. There has been some increase in the average living space per inhabitant. In the last 3 years, new dwelling construction in the countryside has totaled 900 million square meters. According to a 1980 survey of the income and expenditures of 16,000 commune families, at the end of the year each household had an average of 11.6 square meters of housing space, of which living space accounted for about 9 square meters.

Public health. Our country's medical and public health situation has been rather considerably improved since Liberation; urban workers already all have labor insurance and free medical care, while most of the countryside already has cooperative medical care, and the people's level of health has been greatly improved. The death rate has fallen from 18 per thousand shortly after Liberation to a current level of 6.2 per thousand. According to some local surveys, the average length of life has increased from 57 years in 1957 to 68 years in 1978; the figure is 67 years for men and 69 for women. In 1980 the country had a total of 1.98 million hospital beds, an average of 2.2 per thousand persons (of which 40 percent were simple commune hospital beds), up 6.2 times from the 1952 figure of 0.28 per thousand. There is an average of 1.17 doctors per thousand inhabitants (not including practitioners with a secondary medical education, 0.72 per thousand), up 58 percent from the 1952 figure of 0.74 per thousand.

Cultural life. In 1980, for every 10,000 persons there were 1.27 movie projectors, up 7.5 times from the 1957 figure of 0.15, and 392 newspapers, up 5 times from the 1952 figure. The annual per capita output of books was 4.67, up 2.4 times from the 1952 figure of 1.37. Nationwide there are 119 million radio receivers, an average of 1 for every 1.6 households (in the city the average is 1.3 sets per household, in the country 1 set per 2.2 households), and 9.02 million television sets (1 per 6.8 households in the city, 1 per 53 households in the country). There are 106 broadcast stations, 38 television centers and 246 television transmitters and repeaters nationwide. Virtually the entire countryside is within range of radio broadcasts, and most cities receive television broadcasting.

Education. The percentage of school-age children receiving an education has increased from 49 percent in 1952 to 93 percent in 1980. In 1980 there were 558 middle-school students per 10,000 persons, up 9.5 times from the 1952 figure of 55 persons, and 11.6 university students per 10,000 persons, up 2.5 times from the 1952 figure of 3.3.

These figures make it clear that although the extent of improvement in the people's material and cultural life in this country during the past 32 years is not great, neither is the level low. There are still some rural households in straitened circumstances, but the people's condition of life has undergone a great improvement since before Liberation. The food and clothing requirements of a population of nearly a billion are being essentially satisfied; this major problem was never before solved in all of Chinese history, and the fact shows the superiority of this country's socialist system. But because of errors in the guiding ideology and various other factors, the socialist system's inherent superiority is far from being fully brought into play, and there is still immense unused potential for developing production and improving the people's material and cultural life. We must conscientiously summarize the lessons of experience so as to bring the advantages of the socialist system further into play and move toward the great goal of the four modernizations.

Some Experience with Economic Construction Since the State Was Founded

The road which our economic construction has taken in the last 32 years has not been an easy one, and in the course of our practice we have accumulated a rich fund of positive and negative experience. The Historical Resolution has made a complete, profound summarization of our basic experience, and here we wish only to use statistics to discuss three problems from a macroeconomic standpoint.

We should Proceed in Accordance with Our Country's Specific Characteristics, According to Our Capabilities, and in Systematic Fashion

The Historical Resolution points out that "socialist economic construction must be an active struggle based on our country's specific circumstances and in accordance with our capabilities and must systematically realize the objective of modernization." Our past history shows that every time we have proceeded in terms of our country's specific circumstances and in accordance with our capabilities, the national economy has developed rather rapidly and economic results have been rather good; conversely, when we have divorced ourselves from the country's specific conditions, have proceeded only on the basis of subjective wishes, and

have tried to move too fast, the economy has developed slowly and results have been poor. This can be seen from changes in the rate of growth of gross industrial and agricultural output in various periods.

In the 7 years during which the socialist transformation was essentially completed, the national economy experienced sustained, rapid growth. In the three-year period from 1950 to 1952, gross agricultural and industrial output value grew by an average of 21.1 percent a year. On this basis, during the First Five-Year Plan (1953-1957) the average annual growth rate was 10.9 percent, constituting a glorious victory.

In the 10 years during which overall construction was begun, great results were achieved. But in some years, plans were at variance with reality, and the rate of growth of gross industrial and agricultural output value fluctuated. In 1958, during the Great Leap Forward, there was growth of 32.2 percent from the previous year, but because of this overhasty advance, the scale of basic construction greatly exceeded the country's material and financial capabilities and retrenchment was necessary: in 1961 the growth rate dropped 30.9 percent from the previous year's figure. In 1963-1965 there was an economic readjustment, and because the policies were correctly chosen, the steps taken were effective and all levels nationwide were completely dedicated to the same cause, difficulties were overcome, the national economy recovered rapidly, and gross agricultural and industrial output value increased an average of 15.7 percent a year. By 1965 the economic situation was much improved in all areas.

During the 10 years of the Cultural Revolution, leftist errors created grave economic setbacks and losses. In the early period of the Cultural Revolution, the Lin Biao-Jiang Qing antirevolutionary clique whipped up a movement to "overthrow everything" and there was civil war throughout the country; many plants stopped production or operated at only half capacity, and in 1967 and 1968 total industrial and agricultural value dropped continuously. Between 1969 and 1973, Comrade Zhou Enlai was in charge of the day-to-day work of the Central Committee, and after the Lin Biao counterrevolutionary clique's plot to launch a counter-revolutionary armed coup was smashed, work in all areas was turned in the right direction. Although there were some year-to-year fluctuations in production and construction during this period, the overall trend was to a certain degree of recovery and upward movement. In early 1974 Jiang Qing started the "criticism of Lin Biao and Confucius" movement, which was aimed at Zhou Enlai, and production again was disrupted. In 1975, Comrade Deng Xiaoping, who was then in charge of the day-to-day work of the Central Committee, correctly pointed out that it was necessary to rectify work in all areas and to solve the problems in industry, agriculture, communications, science and technology and the like; total industrial and agricultural output for that year showed a rather large increase, and the political and economic situation underwent a clear turn for the better. In 1976 the "gang of four" launched the campaign to "oppose the rightist tendency to reverse verdicts" and production again was gravely harmed.

In the first two years since the smashing of the "gang of four," industrial and agricultural production recovered rather rapidly. But in economic work there was a tendency to be overeager for results, and some leftist policies from the Cultural Revolution still had not been replaced. The third plenary session of the

11th Central Committee, convened at the end of 1973, was the most far-reaching turnabout in the party's history since the founding of the state. At this session, the Central Committee suggested a complete rectification of leftist errors, put forward the strategic policy of shifting the focus of work to socialist modernization, and proposed the policy of readjusting, reforming, reorganizing and upgrading the national economy; in the process of rectification the national economy developed solidly and stably, and the 1979 gross industrial and agricultural output value increased 8.5 percent over the 1978 figure, while the 1980 figure is 7.2 percent higher than the 1979 figure.

The foregoing gives us the following three insights. First, we must proceed on the basis of this country's specific conditions rather than relying simply on subjective enthusiasm. Second, we should remain clear-headed and not become conceited with success. Third, we must wage a "protracted struggle" and not indulge in the "crash mentality." It will take a rather long time and a gradual and systematic approach to carry out the four modernizations; we should "go all out" and "wage an active struggle" to the extent that objective circumstances permit and at a suitable speed.

Striving to Achieve Coordinated Development of All Economic Departments

The development of the national economy can only maintain a high pace and produce good economic results if it is properly proportioned. Our socialist country has the preconditions and the potential to carry out planned, proportional development of the various economic departments, but to realize the potential we need a correct guiding ideology and a correct policy and plans; otherwise the situation will get out of balance. We can observe several developments of the structure of this country's national income since the state was founded. 1. Agriculture is lagging behind. Between the First Five-Year Plan and 1980, industry's relative share increased from 24.2 percent to 46.8 percent [of national income], while agriculture's relative share fell from 50.6 percent to 40.3 percent. Our country's industrial base was too weak, and it was right and necessary to gradually increase industry's relative share during economic construction, and also reasonable that agriculture's share should decrease. But between 1953 and 1980, industry (primarily heavy industry) grew by an average of 11.1 percent a year, while agriculture grew by an average of only 3.4 percent a year. That this change in the relative percentage importance of industry and agriculture occurred in the context of such a disproportion in their rates of development indicates that agriculture is falling behind. 2. Communications and transportation cannot meet the needs of national economic development. During the First Five-Year Plan they accounted for 4.2 percent of national income, while in 1980 their share had fallen to 3.5 percent. The "vanguard" was not leading the way, and the "lifeline" was sluggish. 3. The relative share of the construction industry was 4.6 percent in the First Five-Year Plan and had fallen to 3.9 percent by 1980; industrial construction predominated, while construction for the populace had only a very small share. 4. The share of commerce was 16.4 percent in the First Five-Year Plan and had fallen to 5.5 percent by 1980. This considerable drop in the percentage importance of commerce not only occasioned great inconvenience in the people's daily lives, but also directly harmed employment.

Let us now look at the change in the proportionality between heavy and light industry. Old China did not leave us many sound industries, and heavy industry in particular was almost nonexistent, accounting for only 7.9 percent of gross industrial and agricultural output value in 1949; thus we must approve the stress that was placed on developing heavy industry in the First Five-Year Plan. The problem was that afterward there was a constant overstress on developing heavy industry and even an attempt to "make steel the key element," resulting in two high tides of emphasis on heavy industry. The first of these was during the Great Leap Forward; in 1958 heavy industry's share of total industrial and agricultural output value jumped to 35.2 percent from the previous year's level of 25.5 percent, and in 1960 it jumped again to 52.1 percent. Following three years' readjustment, in 1963 it had fallen to 30.5 percent. The other period was 1970-1975, during the Cultural Revolution, when heavy industry's share ranged between 35 and 40 percent, generating an unbalanced situation in which heavy industry was overemphasized, light industry was underemphasized, and agriculture became weaker.

In order to readjust our country's industrial structure and make it more rational, we need both to make a suitable change in the proportionalities between the various departments and to harmonize the internal relations between the various production departments. We must energetically accelerate the development of agriculture and light industry so as to raise their share in the national economy to a certain level. At the same time, heavy industry should conscientiously adjust its internal structure, moving away from a primary stress on serving heavy industry and capital construction and toward support of technical transformation and modernization of agriculture, light industry and export. Agriculture should provide more food for the entire population and more raw materials to light industry; light industry should produce more and better consumer goods. To summarize, agriculture, light industry and heavy industry must cooperate and support each other.

In the more than 2 years since the Central Committee laid down the general outline of readjustment, reform, reorganization and upgrading of the economy, readjustment of the proportionalities between the various departments of the national economy has begun to yield some results. In agricultural production, the tendency to concentrate solely on grain production has been corrected, and both cash and economic crops have been developed; after a long period of stagnation, sideline crops have begun to develop more rapidly. Between 1977 and 1980 the annual average rates of development were as follows: grain 2.7 percent, cotton 7.1 percent, oil crops 17.7 percent, sugar crops 10.5 percent. In industrial production, light industry has developed more rapidly. The nationwide output value of light industry increased by 9.6 percent from 1978 to 1979 and by 18.4 percent from 1979 to 1980, while in the first half of this year it has increased by 11.6 percent over the same period in 1980. The proportion of total industrial output value accounted for by light industry has increased from 43.1 percent in 1978 to 49.4 percent in the first half of this year. Of course, these proportions are averages in the output value relationship between light and heavy industry; it also considers changes in the proportionality of productive capacity (fixed assets), between light and heavy industry, the rate of growth of total industrial output value. In addition, the building materials industry, chemical industry and transportation, and commercial catering trades have also developed. In recent years. Overall the readjustment of the economic structure of the various departments is still in the preliminary stage and still requires greater effort.

Correct Handling of the Relationships Between Accumulation and Consumption and Between Development of Production and the People's Condition of Life

The question of how to handle correctly the relationships between accumulation and consumption and between development of production and the people's condition of life is a basic one in economic construction. Back in 1957 Comrade Chen Yun pointed out, "While raw and other materials are in short supply, we must first assure that the minimum needs of departments producing the necessities of life are met, after which we should assure that the needs of industries producing the essential means of production are met; any remainder will be used in capital construction." He also stated that "in the furnishing of financial and material resources, production of the necessities of life must take precedence over capital construction; this is a question of rationally arranging the relations between the people's condition of life and construction." Experience has already shown that Comrade Chen Yun's approach was in accord with our country's real circumstances and was correct. But for many years, under the influence of leftist errors, the principle of "production first, daily needs second," which was suited to special conditions, was unsuitably made the priority for deciding on capital construction investments, with the result that many problems arose in deciding between accumulation and consumption, between "bones" and "flesh" (productive investments and nonproductive investments). Initially the rate of accumulation was too high. When this happened, not only was it impossible to speed up the rate of growth of national income, but the rate actually decreased. During the time when accumulation rates exceeded 30 percent, economic performance was always poor. Second, in investment on capital construction, productive investments had too big a share, squeezing out the people's livelihood, so that to the proportionality between "bones" and "flesh" was gravely out of balance.

In the last few years, as the policy of economic readjustment had been implemented, the proportionality between accumulation and consumption, between "bones" and "flesh," has been somewhat improved. The proportion of national income used for accumulation was 36.5 percent in 1978, 34.6 percent in 1979, and 32.6 percent in 1980. Of state investments, capital construction investments for employee dwellings, social services [culture, education, public health] and municipal projects were 17.4 percent in 1978, 27.0 percent in 1979 and 33.7 percent in 1980. Under our country's present economic conditions, it must be recognized that the pace of improvement of the people's livelihood is considerable, and the state has made a major effort in this area. In view of our country's specific conditions and 32 years' experience, in order to handle the relationships between productive capital construction and the people's condition of life correctly, the accumulation rate should be 25 percent or slightly greater. Within total investments, the proportionality between the nonproductive and productive investments should be about 30-70. Of course, these proportionalities are not permanently fixed; suitable levels should be sought for as the situation develops.

In the long river of historical development, 32 years is but a moment, and future development of the four modernizations entails a heavy burden and a long road. We should take the route indicated by the Historical Resolution, adhere to the four basic principles, and proceed from the immense achievements already attained to further eliminate leftist influence, bring the spirit of the "foolish" old man who moved the mountain into play, maintain a vigorous revolutionary will, continually overcome all difficulties on the road ahead, and carry out a persistent, dauntless struggle gradually to establish a modern, highly democratic, highly cultured, strong socialist country.

NATIONAL POLICY AND ISSUES

CONDITION OF ECONOMY IN 1981 SURVEYED

Beijing TONGJI [STATISTICS] in Chinese No 4, 10 Oct 81 pp 9-10

[Article by Chen Xin [7115 2450]: "The Economic Situation Thus Far This Year"]

[Text] Since the beginning of this year, the national economy has continued to develop amid readjustment. Production of summer crops and early rice were up; the proportionality within industry has become more rational, and there has been a slight increase in industrial output value; there has been a slight decrease in the scale of capital construction; the financial organs' receipts have exceeded outlays, and more currency has been withdrawn from circulation; urban and rural markets are flourishing, and foreign trade continues to expand. The overall state of economic development has been good, as summarized below.

1. Agriculture has overcome natural calamities, output of summer grain and early rice are up, and oilseed production has set new records. During the growth period of this year's summer grain crops, climatic conditions were abnormal. In early spring there was little precipitation in the Yellow River and Hual valleys in the north, resulting in continuation of drought conditions; in the Yangtze valley in the south, rainy weather was prevalent, in addition to wind and hail. But because the countryside implemented the party's economic policy, established various types of economic responsibility systems and operated them properly, further mobilized the production enthusiasm of the masses of peasants, carried out a thorough anti-drought, anti-disaster struggle, the losses from natural disasters were greatly decreased. In addition, weather conditions were rather good in the north during the wheat maturing season, with sufficient sunlight, so that grains filled out well and fungus and rot losses were small, and while land area sown to summer grain has decreased by more than 18 million mu, total output has still been more than 120 billion jin, up more than 7 billion jin or more than 6 percent from last year. Summer oilseed output was 74.67 million dan, up 28.97 million dan or 63.4 percent from last year, a new record.

Because of continuing readjustment of the geographical distribution of crops and implementation of the principle of planting what is suited to the land, and in addition owing to drought conditions in some areas, the area planted in early rice this year decreased by more than 6.8 million mu from last year. But owing to the spread of superior hybrid early rice varieties and intensified field management, early rice output was slightly higher than last year, with increases of 2 to 9 percent in Anhui, Hunan, Hubei and Jiangxi.

The area sown to such economic crops as cotton, peanuts, sugar crops and tobacco was increased this year, and the harvest is expected to be greater than last year. Barring major natural calamities, the harvest of the major fall grains is also expected to be rather good.

2. Industry has grown slightly during the process of readjustment, and the increase in output value for light industry and textiles has been rather large. In January-August of this year, total industrial output value was 332.7 billion yuan, 65 percent of the annual plan amount, up 1 percent from the same period last year. Light industry and textile output value was 168.2 billion yuan, up 12 percent, while heavy industry output value was 164.5 billion yuan, down 8.2 percent.

There was a relatively large increase in the output of daily-use consumer goods that are currently in short supply. The output of bicycles, sewing machines, sugar, beer and knitting wool was up 16-26 percent over the same period last year, and output of such articles as domestic washing machines and cameras was up more than 50 percent. Heavy industry has begun to adjust its product structure and service orientation, and has turned toward production of certain products important to the people's daily lives.

3. The scale of capital construction has decreased slightly, and the direction of investment has been adjusted somewhat. In the first 8 months of this year, total capital construction investments nationwide were 19.4 billion yuan, down 4.6 billion yuan or 19 percent from the same period last year, representing an initial amelioration of the long-standing situation of arbitrary expansion of the scale of capital construction. There has also been some adjustment of the direction of investment: investment in light industry and textiles has increased from 5.9 percent of all investments last year to 9.9 percent this year; and investment in nonproductive construction such as residences, schools, and municipal facilities has increased from 29 percent to 39 percent of all investments.

Thus far this year, the departments and localities have stressed acting in accordance with capabilities and have assured that productive capacities would go into operation and that key sectors would be protected, and the effects of investments have been somewhat improved. While investments have decreased, the number of large and medium-size projects and special engineering projects that have been completed and put into operation has been the same as during the same period last year. Such key projects as the Gezhouba water engineering project have been carried forward rapidly.

Currently, more than 700 large and medium-sized construction projects are under way throughout the country, a decrease of more than 180 from the total of 904 at the end of last year. But construction had been proceeding slowly or had been suspended on many of the projects that were abandoned, and further effort will be necessary to consolidate the results of a decreased scale of capital construction.

4. Urban and rural markets are flourishing and foreign trade continues to expand. Thus far this year, because of increases in the output of agricultural products and daily-use consumer items, the rapid recovery and development of collective and individual commerce, the further expansion of the country fair

trade, and the practice of negotiating purchases and sales pursued by goods warehouses, business has been steadily increasing, and urban and rural markets have been increasingly prosperous. In the first 8 months of the year, retail sales of social commodities have amounted to 147.1 billion yuan, up 8.3 percent from the same period last year, and sales volume for all categories of consumer goods has increased greatly over the same period last year. Sales volume for woolens, sewing machines, wristwatches, bicycles and soap is up 8-20 percent from the same period last year, and sales of television sets are up 60.8 percent. But the supply of some daily-use consumer items still does not meet demand, and vegetable prices in some cities have gone up rather considerably, increasing the masses' burden.

Foreign trade is continuing to expand. In the first 8 months of the year, the Ministry of Foreign Trade System had a total import-export value of 23.78 billion dollars, up 7.2 percent from the same period last year (here and below, no correction for inflation has been made). Export has amounted to 12.32 billion dollars, up 8.2 percent, and import to 11.46 billion dollars, up 6.1 percent. Our country's heavy industrial products are entering world markets in ever-increasing numbers. For example, the Chinese Metallurgical Export and Import Company transacted exports of more than 1.3 million tons of various metal products during the first half year; these transactions, worth nearly 300 million dollars, involved sales to 20 countries and areas in Asia, Western Europe and the United States.

5. The financial departments' revenues have exceeded disbursements, and more currency is being withdrawn from circulation. Thus far this year, the various departments and localities have strictly controlled disbursements, have made a major effort to decrease funds allocations for capital construction and expenditures in all areas and have striven to balance revenues and disbursements over the year. In the first 8 months, revenues exceeded disbursements nationwide, resulting in a slight surplus. The balance of receipts and disbursement of loan funds by banks shows a net removal of 2.6 billion yuan for circulation, a figure more than 1.8 billion yuan larger than for the same period last year.

There are also some problems in current economic readjustment and development. The main ones are a drop in energy resource production, with total output (as standard coal) for the first 8 months down about 4 percent from the same period last year, and poor economic effectiveness, with profits paid to the higher levels by state-run enterprises down 11.7 percent from the same period last year, an increase in the number of operations showing losses, and an increase in the size of losses. Some of these problems are the largely unavoidable consequences of economic readjustment and reorganization, while some result from shortcomings in economic management.

In order to complete this year's state economic plan in full, we must not only continue to make a success of agricultural production, but must also put in a major effort in the areas described below.

... A further effort must be made in the production of daily-use consumer items. Light industry and the textile industry must not only increase output, but must also devote attention to improving product quality, increasing the selection of

varieties and colors, and decreasing production costs. They must make an effort to increase output of mass-market, saleable, rural-oriented daily-use consumer goods. Daily-use small commodities which are in short supply must be successfully produced, grain, edible oil and foodstuff processing and beverage production must be stepped up, and local traditional products must be restored; these measures will be helpful in vitalizing markets, making the people's lives more prosperous and better, and increasing state accumulation. The industrial and commercial departments in all localities must effectively coordinate and organize transport of daily-use consumer goods to the countryside, stimulate commodity circulation between the cities and the countryside, and adapt better to the needs of rural economic development.

B. Everything possible must be done to speed up the readjustment of heavy industry and to revitalize it. At present heavy industry can be broken down into three categories. The first is energy resources, building materials and forest products, whose output is insufficient to meet demand, so that their production must not be decreased; energy production in particular must be stepped up as rapidly as possible. The second group is the chemical engineering and metallurgical industries, some of whose products are oversupplied and some undersupplied; for example, more than 70 percent of chemical engineering products serve agriculture and light industrial markets, and metallurgical products such as sheet metal, strip steel, tin, antimony and tungsten ore cannot meet demand, and some products are selling well abroad, so that some types of production must be stepped up and some cut back, rather than uniformly cutting back all production. The third class is machine products, which are generally in good supply, so that effective measures must be taken to implement the readjustment policy more effectively. Some machine industry enterprises have changed over from a past orientation toward capital construction and heavy industry to support of technical renovation and service to agriculture, light industry, textiles and export, thereby finding markets for their products, and some enterprises have been converted to production of light industrial products or have turned over entire plants to the Ministry of Light Industry.

C. Enterprises must be reorganized, economic responsibility systems promoted, and economic effectiveness energetically improved. Currently, enterprises have much unused potential, which they must exploit by relying on their employees' activism. Accordingly, they must reorganize the enterprise leadership groups, strengthen enterprise management, reorganize their management systems, tighten up financial and economic discipline, stop financial leakage, increase income, actively and consistently implement the economic responsibility system, and mobilize enterprise and employee enthusiasm.

Implementation of the economic responsibility system is the point of breakthrough in enterprise reorganization. The main focus should be on two links. First, economic relations between the state and the enterprise should be correctly handled and contracting for profit-or-loss levels implemented so that distribution of enterprise profits will be directly linked to management results, thus solving the problems of excessively rigid control and "eating from one large rice pot." The second focus is correct handling of distribution within the enterprise and implementation of methods of distribution according to labor such as piece rate wages, floating wages, contracted output and the use of bonus points, so that employee income will be directly linked to labor results, thus eliminating the

problem of equalitarianism. Economic results generally show a considerable improvement whenever this system is used.

D. Financial departments should strive to increase revenues and decrease disbursements and should make an effort to achieve a balance between receipts and disbursements for the entire year. In the next few months, while continuing strict control over fund allocations for capital construction and other expenditures, they must work hard to increase revenues. All industries must do everything possible to decrease production costs and increase profits, must resolutely put a stop to such improper practices as generosity at state expense, excessive awarding of bonuses, and the paying of welfare subsidies, and must make profit and tax payments on time. They must join together during the best season of production of agricultural and sideline products to organize transport of more surplus goods to the countryside, expand the supply of commodities to the countryside and increase the withdrawal of currency from circulation.

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON FUNDS FOR MODERNIZATION

HK221417 Beijing JINGJI YANJIU in Chinese No 12, 20 Dec 81 pp 45-48, 51

[Article by Li Bingkun [2621 3521 0981] of the Policy Research Department of the Ministry of Agriculture: "Questions Concerning Funds for Agricultural Modernization"]

[Text] Agricultural modernization is an important component part in the whole socialist modernization. How to look at the funds for agricultural modernization is an important practical problem that confronts us. In this article I would like to express my views concerning this problem.

I. Correctly Understand the Role of Funds for Agriculture

The funds for agriculture are an important material condition for agricultural modernization. Whether China's agricultural modernization can be carried out smoothly relies to a very large extent on whether the problem of agricultural funds can be solved well.

Like industrial modernization, agricultural modernization needs advanced means of labor and scientific and technological equipment such as agricultural mechanization, chemical fertilizers and agrochemicals, plastic products for use in agriculture, agricultural electrical equipment, irrigation and drainage equipment and the popularization of scientific research, education and technology in agriculture. The higher the level of development in this respect, the more advanced the level of agricultural modernization in this country. One of the important reasons why some foreign countries with well developed agriculture have achieved remarkable success in agriculture is that their level of technological equipment in agriculture is high and that their fixed assets based on the average labor force in agriculture increases rapidly. And the formation of agricultural fixed assets is directly related to the amount of funds used in agriculture.

China is a country with a large population but little cultivated land. It has sufficient labor force. So it is beneficial to developing modern agriculture in which labor force is concentrated. Its fixed assets based on average labor force in agriculture should not necessarily reach the level of some foreign countries with well developed agriculture (for instance, in 1977, each agricultural laborer in the United States had on the average fixed assets of \$47,500. But at present each agricultural laborer in China has on the average fixed assets of only 330 yuan, which is far from being able to meet the needs for agricultural modernization.

The increase of agricultural production in our country mainly relies on the implementation of policies and scientific methods. But that does not mean that China does not need funds for its agricultural modernization, particularly if viewed from a long-term development plan. For instance, in compliance with the requirements of the development of the national economy in regard to agricultural products, we should build production bases for agricultural commodities which include commodity grain, industrial crops, forestry, animal husbandry and fishery. But for the past few years, the great majority of production bases for agricultural commodities has not been formally built. The main reason is that the problem of funds has not been solved. Of the 13 production bases for commodity grain which have been put under the plan, only the production bases for commodity grain in northeast China (the central area of Heilongjiang and Jilin provinces) have been formally invested in and built, while the rest cannot be built on a large scale and in a formal way because the state's financial resources are limited and the communes and production brigades in the rural areas are short of funds. If the above situation continues to last for a long time, it will inevitably affect agricultural modernization and even socialist modernization as a whole. Therefore, we must attach great importance to solving the problem of funds for agricultural modernization.

Some comrades say that the proportion of the state's investment in agricultural capital construction during the first 5-year plan only accounted for 1.5 percent of the investment in the whole of capital construction and that agriculture developed very rapidly. So they hold that it is not that important to increase agricultural funds to promote the development of agriculture. I think this is a one-sided viewpoint. We must specifically analyze the situation during the first 5-year plan. First, at that time the various proportions of the national economy were not quite in coordination. Under the influence of the construction principles of the Soviet Union, heavy industry was given particular stress to the neglect of agriculture. The tendency of laying stress on heavy industry and overlooking light industry that has existed in China for a long time actually began to emerge as early as the first 5-year plan. Comrade Mao Zedong criticized this phenomenon in his article "On the 10 Great Relations." Second, the proportion of investment during the first 5-year plan was determined on the basis of extremely backward heavy industry left over from the old China. But now that heavy industry has developed to a certain degree, comparatively speaking, agriculture and light industry are lagging behind. Under such circumstances, we should speed up the development of agriculture and light industry, so it is necessary to increase the investment in agriculture. Third, we should look at the relations between investment in agriculture and requirements for agricultural development with a view to the course of their development. The base of agricultural production during the first 5-year plan was low. Subsequently, following the constant increase of the base of agricultural production, backward production conditions are becoming more and more unsuitable to the requirements for speeding up the development of agriculture. Viewed from its development prospects, agricultural production must be kept under constant upward progress. We must use advanced science and technology to reorganize agriculture, energetically improve production conditions and gradually change the traditional farming methods which mainly rely on manual labor. This requires large investments in agriculture.

2. Open Up all Avenues for Financial Resources, Accumulate Funds for Agricultural Modernization

According to the estimation of the department concerned, to realize preliminary agricultural modernization throughout the country will need an investment of more than 1 trillion yuan. If we are to realize preliminary agricultural modernization in the coming 20 years, an average investment of 50 billion yuan will be needed per year. At present, the total amount of funds that can be directly used for agricultural capital construction is more than 20 billion yuan. This includes the state's investment in agricultural capital construction, the funds provided from the state finance for the rural people's communes, the subsidy provided by the state for small-scale irrigation works, plus the common accumulation of the basic accounting units in agriculture, the part of the enterprises' profits used in agriculture and the net increases of the bank loans for agricultural capital construction. The average balance is over 25 billion yuan per year. If we do not solve the problem of the source of these funds, it will take China over 40 years to realize preliminary agricultural modernization.

How should we raise such large funds? The reliable method is to gather the economic strength of the state, the collective and the commune members. We must exert ourselves in various aspects and tap the potentials fully. Only in this way, can we solve the problem of the source of funds effectively. And this will involve many problems concerning system and policies.

First, change the form of the state's investment in agriculture. This is an important method for solving the problem of funds for agriculture. For a long time, the support given to agriculture by the state has been carried out mainly through gratuitous investment made by the state finance in agricultural capital construction. In addition, because of the difference of ownership, the state's investment in agricultural capital construction is generally used in the state-run agricultural departments and large and medium-sized irrigation construction projects instead of being used in the rural collective economy. This has brought various limitations to the source of funds for agricultural capital construction in the rural people's communes and production brigades. This is detrimental to speeding up agricultural modernization. Moreover, the state is not well off financially, so it is impossible for the investment in agricultural capital construction to be increased by a large margin. On the contrary it is possible for it to decrease. So the above method is far from being able to solve the problem of funds needed for agricultural development. A practical method is to change the form of the state's investment and to change the gratuitous funds for the investment in agricultural capital construction into loans to be repaid. The state can change some of the gratuitous funds into loans and ask the bank to handle specific credit procedures. It can also use the rest of the gratuitous funds to make up for the balance of rate in low interest loans provided by the bank for agriculture. In this way, the bank can really provide loans according to the actual needs for developing agriculture, and will not incur economic losses because of low interest rates in agricultural loans. Some foreign countries with well developed agriculture generally use this method to varying extents. For instance, France provides large loans for agriculture through the bank. Generally it provides 25 billion francs a year, with an interest rate half as low as on ordinary loans. The state supplements an amount of 3 billion francs a year for the loss incurred by the bank due to its low interest rate. In other words, a financial supplement of 3 billion francs has made a fund

of 25 billion francs available for agriculture. China should consider exercising this form of loans to alleviate to a certain extent the sharp contradictions between the state's financial shortage and the large funds urgently needed in agriculture. In addition, it will change the situation in which the state investment in capital construction cannot be directly used for the rural collective economy, and enable the rural people's communes and production brigades to obtain the funds needed for agricultural modernization.

Second, in the situation in which purchase prices of agricultural products have been raised, we should popularize the contract system for purchasing agricultural products. We should implement the principle of letting the peasants handle the surplus grain and allow them to sell their agricultural and sideline products at their own accord to increase the income of the rural people's communes and production brigades and the income of the peasants. This is another way to solve the problem of funds for agriculture. China's agricultural economy is weak, little has been accumulated. One important reason is the price parities between industrial and agricultural products are irrational and the price scissors have been widening for a long time. It will take a fairly long time to change this situation. At present, our country's economy is in difficulty. It is not very practical to raise the purchase prices of agricultural products in order to encourage accumulation in agriculture. A comparatively stable method is to carry out the contract system for purchasing agricultural products which has been implemented in some trial points and to rationally fix the selling base for agricultural products. The peasants should have the right to handle the surplus agricultural products of their own accord after fulfilling the task of selling their products to the state. In this way, the peasants can sell their agricultural and sideline products at prices near to the value of agricultural and sideline products to increase the income of the rural people's communes, production brigades and peasant households. It is also beneficial to narrowing the price scissors between industrial and agricultural products. The increase in economic income through the marketing of agricultural products in excess of the base amount by the peasants themselves will inevitably bring great impetus to production, stimulate the peasants to produce more agricultural products needed by society to get more rights to handle their agricultural products of their own accord, to increase economic income and to gradually increase the accumulation of funds in agriculture itself. This is beneficial to solving the problem of funds for agricultural modernization.

Third, actively develop a diversified economy, encourage the commune members to undertake household sideline production and expand the economic strength of agriculture. This is another way to solve the problem of funds for agriculture. Another important reason why self-accumulation in China's agriculture is not much is that a unitary operational principle has been carried out for a long time. Insofar as production structure is concerned, in the whole economic activities in the rural areas, agriculture has been undertaken in a unitary way (in a broad sense) and industry and commerce of the communes and production brigades have been neglected; in agricultural production, stress has been laid on planting (that is, agriculture in a narrow sense), thus bringing harm to forestry, animal husbandry, sideline production and fishery; within planting itself, stress has been on grain production, thus restricting the development of industrial crops. Such a production structure has restricted the rural economy within a narrow sphere and

made agricultural resources and the surplus labor force unable to be rationally and fully utilized. The industrial and sideline production of the communes and production brigades and the family sideline production of the commune members cannot be developed properly. Therefore, self-accumulation of funds in agriculture is seriously affected. We should know that under the present conditions in our country, it will bring more economic income to develop industrial crops and forestry, animal husbandry, sideline production and fishery (including household sideline production of the commune members) than to carry out grain production in a unitary way. The economic benefit from developing industry and commerce in the communes and production brigades is also quite considerable. Therefore, we must rationally readjust the agricultural production structure and actively develop a diversified economy. We must develop the production of industrial crops faster along with the rational arrangement of grain production and develop forestry, animal husbandry, sideline production and fishery faster along with the development of planting. In 1980, Shandong Province readjusted its agricultural production structure, increased the areas grown to cotton and industrial crops and achieved very good economic effect. Cotton output increased by a large margin throughout the province. Ten million dan of jinned cotton were sold to the state, more than 3 times the province's total output of 3.3 million dan of cotton in 1979. There was a large increase in agricultural income due to the development of a diversified economy. The number of production brigades with an average per capita income of 300 yuan was 644, 12.7 times the 47 in 1979. If the rest of the country can take Shandong as their example in energetically developing a diversified economy in the light of their specific conditions and persist in doing this for a long time, there will be a large increase in the economic income of the peasants of our country. In addition, we must gradually realize unified management of agriculture, industry and commerce and energetically develop the rough processing of agricultural products in the localities as well as service, building and transportation undertakings. At present, Jiangsu is a province with a comparatively high level of agricultural modernization in our country. Since the 1970's, the level of per unit area yield and the increase in the speed of agricultural production of Jiangsu Province have been higher than other provinces. The reason is that there are three mainstays in the province's agriculture: irrigation, chemical fertilizer and commune and brigade-run enterprises. Many regions in Jiangsu Province that have a high yield of grain incur losses from growing grain, the greater part of the peasants' income comes from the commune and brigade-run enterprises and a considerable part of the funds for agricultural capital construction also comes from these enterprises. According to statistics, for the past 30 years, the self-investment in irrigation works in the rural areas that mainly relies on the commune and brigade-run enterprises for its income has amounted to 3.8 billion yuan, which is equal to the amount of funds provided by the state for the province. It has played an important role in developing agriculture.

The above three aspects are the basic ways to solve the problem of funds for agricultural modernization. Besides, we should do our best to find as many methods as possible. For instance, we can raise funds through the bank to provide loans for agriculture. In this respect, we can draw on the experience of Japan. Through credit and insurance, the "Agricultural Coordinative Bank" of Japan encourages the peasants to make deposits at a high interest rate (annual rate is 5.5 percent) and grants long-term loans at a low interest rate (annual interest rate is 3.5 percent). In this way, the bank supports agricultural production. In 1977, the

peasants had deposits of 20 trillion yen in the bank. The loans provided for agriculture were 10 trillion yen, which was 17.6 percent higher than the total agricultural output value of 8.5 trillion yen. This method played an important role in agricultural production and construction.

At present, various forms of the production responsibility system of assigning responsibilities to each laborer and linking remuneration to output are being carried out in various rural areas. This has brought the production initiative of the commune members into full play. Agricultural production has developed rapidly, and the income of the collective and commune members in communes and production brigades in many places has increased by a large margin. Many poor production teams have taken on a new look. This is of course beneficial to increasing the funds for agricultural modernization. Practice in many regions has proved this point. For instance, in 1979, the peasants of the Taiping people's commune of Hsashan County in Anhui Province began to carry out the system of assigning production tasks to groups and assigning responsibilities to each household. As a result, great changes took place in agricultural production and in the income of the peasants. Following the increase in their income, the commune members, in linked households and individual households, were able to buy tractors and other agricultural machinery. In only just over a year, the peasants in the commune bought 396 large and small tractors, 65 threshing machines and 15 machines for processing grain and cotton. Basically, mechanization has been realized in the main agricultural work such as plowing, harvesting and threshing, transportation and processing.

3. Attention Must Be Paid to Economic Effect in the Use of Funds for Agriculture

Agricultural development in our country has long been slow. Although it has been due to insufficient funds for agriculture, another important factor that must not be overlooked is the use of the ready-provided funds, which is unscientific, irrational and has a bad economic effect. This situation must be changed as early as possible.

How can we use the funds for agriculture well and raise the economic effect? I think we may proceed from the following aspects.

First, carry out management of funds for agriculture by economic means to make the users of the funds pay attention to the economic effect. For a long period of time, the state's investment in agriculture has generally failed to bring the expected economic effect. There are many reasons for this, of which the most important one is that the state's investment in agriculture is gratuitous. Such being the case, the users of funds do not need to repay them and have little to do with economic gains or losses. An effective way to change this situation is to change the gratuitous funds provided by the state finance into bank loans that must be repaid. The state can use the conditions and interest rates of the bank loans to guide and affect the investment orientation of funds for agriculture and the amount of investment to make the loans for agriculture constantly meet the needs for agricultural development. The units that use the funds must not only pay the amount of loans, but also pay a certain amount of interest under certain conditions. In this way, these units will be forced to improve their economic management and raise the economic effect of

investment in agriculture. This method is also beneficial to avoiding scrambling blindly for investment, for projects and for materials, and will make the various departments of agriculture tap their potentials by relying on policies in a scientific manner. In this way, the limited funds for agriculture can really be used in the construction projects that can achieve a good economic effect.

Second, combine the use of funds for agriculture with the readjustment of the internal structure of agriculture, and build an investment structure of funds that corresponds to this combination. From now on the rural economy must be developed in the direction of comprehensive management of agriculture, industry and commerce. Agriculture will gradually take the road of an overall development of agriculture, forestry, animal husbandry, sideline production and fishery. The investment of funds for agriculture should keep abreast of this trend. In the past, the funds for agriculture were mainly provided for water conservancy departments. Such an investment structure of funds was closely related to the frequency of floods and drought in our country. It is undeniable that intensifying water conservancy works can play an important role in resisting natural calamities and guaranteeing the stable development of agriculture. But according to the needs for rationally readjusting the internal structure of agriculture, developing grain production in a stable way and accelerating the development of industrial crops, forestry, animal husbandry, sideline production and fishery, the existing investment structure of funds for agriculture should obviously be readjusted, and the proportion of funds directly used for agriculture, forestry, animal husbandry, sideline production and fishery should be increased. Only in this way can we intensify agricultural mechanization, the introduction of improved varieties and the extensive use of chemical fertilizers and other farm chemicals, and accelerate the building of bases for commodity grain, industrial crops, forestry, animal husbandry and fishery along with the popularization of water conservancy works. The economic effect in agriculture will be notably enhanced.

Third, when using the funds for agriculture, priority should be given to key projects. In the past, the funds for agriculture were evenly divided. Key projects were not given priority, and the investment effect was not remarkable. From now on, we should rationally concentrate the limited funds for agriculture on the construction of key projects which have great potential and which can bring quick results. For instance, the central parts of Heilongjiang and Jilin provinces are quite suitable for building commodity grain bases. So long as the state centers its attention on the above places and raise the degree of agricultural mechanization, we can not only solve the problem of few people with much land to cultivate, but also raise the per unit area yield of grain, increase the total yield, provide large quantities of grain, support other regions in rationally readjusting the internal structure of agriculture and enliven the whole agricultural economy.

Fourth, consider the combination of short-term economic effect with long-term economic effect when using the funds for agriculture. In agricultural modernization, we should see not only the economic effect directly brought from agriculture, forestry, animal husbandry, sideline production and fishery, but also the long-term economic effect that will evolve from agricultural research and education. Agriculture research and education are important factors that determine the development of agricultural productive forces. We must combine in an organic way agricultural

production with agricultural research and education and use agricultural research and education to guarantee and push forward the development of agricultural modernization. This should also be shown in the use of funds for agriculture. We should know that at present the weakest link in China's national economy is science and education and that agricultural research and education are weak links among the weakest. Take higher education for example. Insofar as the number of students, the qualifications of teachers and the buildings are concerned, all institutes of higher learning, except for agricultural institutes of high learning which are far from being restored to their original level, have basically been rehabilitated to the level of 1965 with some even slightly exceeding that. This situation is not beneficial to agricultural modernization and must be changed immediately. Therefore, it is necessary to correspondingly increase the funds for agricultural research and education so as to guarantee that we can get good economic effect at present as well as in the future.

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NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' ON DISTRIBUTION IN RURAL AREAS

HK251041 Beijing JINGJI GUANLI in Chinese No 12, 15 Dec 81 pp 19-21

[Article by Wei H1 [7279 0149]: "Properly Handle the Three Relations, Do a Good Job in Rural Year-end Distribution"]

[Text] Thanks to the implementation of the party's various economic policies for rural areas and the popularization of various forms of production responsibility system, our rural economy has made an all-round development this year. The output of grain, cotton, edible oil, sugar, flue-cured tobacco and tea was higher than the previous year while the output of oil-bearing crops, sugar-bearing crops and flue-cured tobacco increased considerably. This situation has constituted a material base for doing a good job in distributing these achievements. But as various places have introduced different forms of production responsibility system, there is no doubt that the work of distribution will be complicated. In order to accord with the new situation and solve new problems, it is imperative for various places to carry out study and investigation, give guidance in classifying, help people's communes and production teams handle well the tripartite interests of the state, the collective and the commune members and do a good job of setting accounts in year-end distribution. In order to do a good job in this year's year-end distribution, it is imperative to grasp well the following points:

Conscientiously Honor Joint Contracts

To conscientiously honor contracts is significant in winning the confidence of the masses, improving the production responsibility system and in further mobilizing the initiative of the masses and therefore we must in no way make light of this work. As various places have different situations in the development of production and different management levels, cadres of people's communes and production teams and the broad masses of commune members consequently have different views toward carrying out contracts. For example, those that have overfulfilled production quotas worry that their contracts will be cancelled once and for all; those whose production has decreased are reluctant to carry out their contracts and even worry that the contracts are not in their interest; a few cadres are still not accustomed to using economic methods to manage the economy and they do not pay enough attention to carrying out their contracts. Therefore it is imperative to do a good job in carrying out ideological and political work. We must constantly disseminate the party's principles and policies for rural areas that have been issued since the 3d plenary session of the 11th CCP Central Committee, unify our

thinking, improve our understanding and help cadres and the masses get rid of ideological worry. We must make it clear to cadres and the masses that no additional quotas will be assigned following their fulfillment of the state production quotas and that there will be no increase in the collective retention; the agricultural and sideline products that are sold by the commune members themselves are purchased according to the prices that are set for purchases in excess of the quota and negotiated prices. The masses must be made aware that it is a serious matter to resolutely honor contracts, to compensate or to be awarded and to defend the contracts. Under general conditions, the places that have signed contracts with some irrational contents may, thorough full consultation by the masses, have their contracts readjusted next year, under particular conditions or when natural calamities occur that are beyond people's capability to resist. Consequently, it becomes necessary to readjust quotas that can be readjusted down according to specific conditions so that the work teams and commune members will not suffer losses for the work they have done or for the fertilizer they have applied and so as to show the principle of awarding the diligent and punishing the lazy. That is the only way to put people's mind at rest, constantly improve the production responsibility system and stably increase agricultural production.

It Is Imperative To Verify Output, and Income and Expenditure

To check output, and incomes and expenditure is to settle the account of the achievements made by the masses in a year, it is also the material basis for doing a good job in yearend distribution. All places must uphold the spirit of seeking truth from facts and mobilize the masses to verify output, estimate the incomes that can be gained prior to distribution and calculate the expenses that have been incurred and that are to be incurred, including transportation and other expenses for threshing and transporting agricultural and sidelines products for the state such as grain, cotton and edible oil crops as well as depreciation fees for fixed assets. It is important in this aspect to draw a clear distinction between distributable incomes and between production expenses and investments in capital construction in the year so as to work out plans for distribution of profits in the manner of seeking truth from facts.

In order to check incomes and expenses it is necessary first of all to check output. Some production teams and commune members worry that with outstanding achievements and high output in the year, they will be assigned with heavier tasks next year. Under such conditions, it is imperative to do a good job in statistics and investigations and to oppose oppressing high production quotas. It is forbidden to cast off production fees, falsify incomes and carry out "excessive distribution." Once the commune members are reassured and cadres take the lead, it is possible to check production output, and income and expenditure, and properly reflect the development in production during the year.

It Is Imperative To Unifiedly Consider the Interests of the State, the Collective and the Commune Members

In distributing incomes it is imperative to unifiedly consider the interests of the state, the collective and the commune members. No matter what forms of production responsibility system are used, there is always a question of how much should be given to the state, how much to the collective and how much to the commune

members. Therefore in settling accounts and in carrying out yearend distribution it is necessary to consider the increases in the incomes of the commune members, the accumulation for the collective and consider the year and the next year; it is necessary to consider the intermediate and long-term interests and the interests of the commune members and the collective; we can in no way do this work one-sidedly. In order to handle well the relations between the state, the collective and the commune members we must first of all take active measures to pay agricultural tax according to policies and work hard to complete the purchasing tasks of agricultural and sideline products. Second, it is imperative to define the proportion for the collective retention and in this work we must first of all retain production funds so as to ensure the needs of simple reproduction; then retain reserve funds in the interest of expanding reproduction. The retention of public funds must be made according to needs and feasibility so as to solve the subsidies for the "five-guarantees households" [childless and inform old persons who are guaranteed food, clothing, medical care, housing and burial expenses by the people's communes], families with material difficulties and the members of the revolutionary martyrs' families and army men's families with difficulties; when conditions permit, production teams may as well set aside retention for livelihood funds that are to be distributed among the commune members when their production decreases because of natural calamities. Having done all this, it is necessary to distribute income among the commune members according to their work points. The broad masses of the people must be made to understand that reproduction can be expanded only when accumulation is increased. The production teams with high incomes cannot randomly carry out distribution; they must pay attention to retaining more accumulation. With regard to reserve funds, it is necessary to follow the principle of raising them before using them and of keeping expenses within incomes; we can in no way "eat next year's food" and carry out capital construction by relying on debts. The production teams with deficits in their reserve funds must spare no efforts to make them up. Collective welfare must be undertaken according to the financial situation and the ability of the masses to support it.

Some people say: "It is not necessary to carry out further distribution for the production teams that have been assigned full responsibility for task completion" and "it is not necessary to bother with them since they have already signed joint contracts." Any deed based on such thinking is wrong and harmful. Distribution constitutes an important link in carrying out contracts. The system of public ownership of the means of production and the principal economic position of the production teams can be maintained only when we are able to honor contracts. Otherwise, without distribution, there is no guarantee for the incomes of the commune members. Under such conditions, the commune members are not in a position to really know the situation of their labor achievements, the contracted households may even lose their economic contact with the collective and the commune members may as well regard the land that has been assigned for production quotas as private land. In this way, we may depart from the road of the collective economy and revert back to the individual economy. From the viewpoint of output, contracts for output do not constitute actual output, they are only contracts for output, and if the state's economic indices are incorrect, it will be difficult for leading departments to direct production and there will be no clear basis on which to work out whether production has increased or decreased. It is clear that it is also imperative for the production teams where output quotas have been fixed for individual households to honor their contracts according to the output quotas agreed upon, to do a good

job in distribution and to resolutely consider the incomes of all three parties by "completing the tasks of the state, giving the collective its due and keeping the rest for themselves." The production teams that have shifted draft animals and farm tools to individual households must, according to their prices, after receiving parity money, put it under the reserve funds while the depreciation fees of the collective property that is handed to the production teams by individual households that are using this property must be put under depreciation funds and none of it can be distributed.

It Is Necessary To Uphold the Principle of Distribution According to Work

Distribution according to work is the socialist principle of distribution; it is an objective economic law independent of people's will. With such a principle, the broad masses of the people will consider their own interests and consequently they will be concerned with their labor achievements and combine their interests with the interests of the state and the collective. We must uphold the principle of distribution according to the division of labor among the commune members so that those who work more will get more and those who work less will get less.

With regard to grain distribution, it is imperative to spare no efforts in fulfilling the state grain purchasing tasks, to retain enough grain for the collective and to guarantee the ration grain for the commune members. The ration grain must also be distributed according to labor; those who work more will get more. The specific distribution methods must be suited to local conditions while the scale of distribution according to labor must be gradually increased. The places with diversified patterns of economic management but with little income must gradually popularize the distribution according to labor and giving preferential treatment. No matter what method is used in distributing ration grain, it is necessary to follow the mass line and let the commune members make their decision through discussions. This cannot be decided by a few people.

With regard to the distribution among the commune members, the individual households that have been assigned responsibility for production quotas must carry out distribution in accordance with their contracts while those who practice unified distribution must carry out distribution based on workpoints. Shortfalls in production tasks assigned to commune members must swiftly be made up by them in cash. No one is allowed credit which would add new debts.

Over many years in the past, the distribution in the people's communes in rural areas was carried out based on gross income and in accordance with the proportionate relationships between state tax revenues, collective retention and the distribution to the commune members. Based on the experiences of various places and in accordance with the decision made during the national conference on the distribution in rural areas, in 1981, the method of handling the three relationships was changed to one based on net income. This is to say, that remaining after deduction of gross expenses from gross income in the year is the net income which is to be distributed between the state, the collective and the commune members. Why was it necessary to reform the distribution method? It was because what is distributed is the annual income (net income) and not gross income. Gross income includes 30 percent of the expenses and the goods that are consumed in the year and this amount cannot be distributed.

Facts prove that there are shortcomings in carrying out distribution according to gross incomes. First, the expenditure and the goods that have been consumed may not be fully made up, the funds for maintaining simple reproduction may not be guaranteed and there may occur such problems as production funds being cut off, unchecked spending and "violating the principles of distribution," and so forth. Second, it is likely to give rise to the tendency for collectives to retain too much. The distribution over the past few years showed that the goods and funds consumed increased faster than gross incomes and consequently investment effects decreased. If, in such a situation, we still determine that to be retained by the collective according to the previous proportions, that which is to be distributed among the commune members may decrease while the necessary labor of the commune members cannot be compensated. Third, with such a method it is impossible to reflect the true proportionate relationship between accumulation and consumption. With the development in production and expansion of organic structures, it is natural that production costs and depreciation costs will gradually increase every year. If the relationship between accumulation and consumption is based on gross incomes, it will not be possible to truly reflect this situation. According to the statistics of the investigations made of 312 production brigades in 1981, 52.3 percent of gross income was distributed to commune members; the figure for the commune members of the rich production brigades was 53.6 percent and the figure for those of poor production brigades was 43.7 percent. This does not tally with the facts. If the distribution was calculated on the basis of net incomes, that distributed to the commune members would be 80.9 percent; the figure for the commune members of the rich production brigades would be 79.1 percent while the figure for those of the poor production brigades would be 85.9 percent. This situation accords with reality because the rich production brigades have more accumulation while the poor ones have less. Seen from the relationship between the state, the collective and the commune members and if the distribution is calculated on gross income, the state tax revenue should be 3.1 percent, retention for the collective 9.5 percent and distribution to the commune members 52.3 percent. These 3 aspects only make up 64.9 percent of gross income and this is because production costs amounting to 35.1 percent are included in the gross income. In fact, calculated on net incomes, the state tax revenue should be 4.7 percent, collective retention 14.4 percent and distribution to commune member 80.9 percent and the total of these 3 aspects is about 100 percent of the net income.

The above mentioned situations fully shows that arranging the relationship between the state, the collective and the commune members on the basis of net incomes will be able to properly reflect reality. It is also in the interests of defining the proper proportions between collective retention and the distribution to commune members, mobilizing the commune members to make more investments, displaying initiative in expanding reproduction, closely combining the results of production with the interests of the commune members and in mobilizing the masses to spare no efforts to increase production and income. Such transformation is easy to understand and simple in practice. It can be easily accepted by the masses and grasped by the cadres at grassroot levels.

NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' DISCUSSES NATIONAL CONDITION

HK211406 Beijing JINGJI GUANLI in Chinese No 12, 15 Dec 81 pp 9-11

[Article by Zhou Chuan [0719 1557]: "National Condition and Reconstruction--Learn From the 'Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC'"]

[Text] The "Resolution on Certain Questions in the History of our Party Since the Founding of the PRC" adopted by the 6th plenary session of the 11th CCP Central Committee which has summed up the historical experiences in China's socialist revolution and socialist construction in a practical and realistic way pointed out: "In our socialist economic construction, we must strive to reach the goal of modernization systematically and in stages, according to the conditions and resources of our country." On this matter, I am going now to discuss my rather sketchy understanding.

Every country has its own basic national condition. It is necessary to suit the national condition in carrying out economic construction. This is an important principle for ensuring the sustained and steady development of the national economy and also an important historical experience. Seen from the historical path we have traversed, whenever we had a relatively correct understanding of our national condition, we were in a position to formulate economic policies and plans suited to the actual conditions, thus promoting the healthy development of the production and construction cause. And conversely when we did not, we suffered setbacks. From changes in the growth of national income and comprehensive targets, by and large, we can see a general situation of four stages of economic construction since the founding of the PRC.

The 7 years of basic completion of socialist transformation: The national economy developed in a sustained way and at a high speed. During the 3 years of the recovery stage between 1950 and 1952, the average annual increase in the national income was 19.1 percent. On this basis, the average annual sustained increase in the national income during the first 5-year plan [1953-57] was 8.9 percent. Great successes were scored then.

The 10 years of initially building socialism in all spheres: There were ups and downs in our advance. We engaged in the "great leap forward" in 1958 and the national income of that year increased sharply. Owing to impetuosity and rashness and coupled with the factors as serious natural disasters, the scope of capital construction greatly surpassed the possibilities of the state's material resources

and financial strength and it had to be curtailed as a result. We saw a drastic fall in the national income in 1961. Between 1963 and 1965, an economic readjustment was carried out. The national economy rose again at a swift pace, thanks to correct policies, rigorous measures and concerted efforts of the people throughout the country to overcome difficulties with one heart and one soul. The average annual increase in the national income during these 3 years was 14.5 percent. It was not until 1965 that the economic situation took a turn for the better in an all-round way.

The decade of the "Great Cultural Revolution:" The "leftist" mistakes caused serious reverses and losses in the economy. In the early stage of "Great Cultural Revolution," the Lin Biao and Jiang Qing counterrevolutionary cliques incited people to "overthrow everything and wage full-scale civil war," and the production of quite a few factories was in a state of being wholly suspended or partially suspended. The national income dropped successively in 1967 and 1968. Between 1969 and 1973, Comrade Zhou Enlai took charge of the day-to-day work of the CCP Central Committee. During this period, the Lin Biao counterrevolutionary clique was smashed and things began to improve in all fields. Although there were minor ups and downs in production and construction during this period, both production and construction developed generally upwards in the direction of recovery. Early in 1974 Jiang Qing launched a campaign to "criticize Lin Biao and Confucius," directing the spearhead of the campaign against Comrade Zhou Enlai. As a result, production once again suffered sabotage. In 1975 Comrade Deng Xiaoping took charge of the day-to-day work of the CCP Central Committee and correctly put forth the policies to straighten out work in many fields and to solve problems in industry, agriculture, transportation and science and technology. The national income in this year increased by 8.3 percent. The political and economic situation took an obvious turn for the better. In 1976 the "gang of four" triggered the movement to "counter the right deviationist trend to reverse correct verdicts," which resulted once again in production suffering serious interference.

The 4 years of bringing order out of chaos: Production and construction recovered and developed at a rapid speed. The 3d plenary session of the 11th CCP Central Committee made the strategic decision to shift the focus of work to socialist modernization and then formulated the policy of readjusting, restructuring, reorganizing and upgrading the national economy. During this readjustment, the national economy has been steadily developing. In the 4 years from 1977 to 1980, the average annual increase in the national income was 8.5 percent.

From reviewing the aforesaid stages, we can learn the following three basic experience and lessons:

Proceed From China's National Condition, Do Not Replace Objective Laws With Subjective Assumption

What is China's national condition then? China has a population of nearly 1 billion, of which 800 million are peasants. This is the basic national condition of our country. This objective fact tells us that being densely populated and rich in labor power resources, in carrying out the modernization program, there are no labor shortage problems. However, this vast population and particular population

structure does have two striking problems: One, the greater the population, the higher the consumption. Since the founding of the PRC, the growth rate of China's economy has been, generally speaking, relatively fast. So why have the Chinese people not had relatively great improvements in their standard of living? Apart from errors in economic work and great waste in economic construction, one of the important reasons is that China has an excessively rapidly growing population so that a fair measure of social wealth created by expanding production has been consumed by the additional population. In the past, the average annual increase in population was 12.5 million, so the annual additional consumption funds have to be 3 billion yuan or more. The other problem is that our country is economically and technically backward. The phenomenon in which 800 million peasants engage in farming has never been witnessed in other countries in the world. This indicates that agricultural labor productivity is very low. The vast rural areas are still in a state of being a semi-self-supporting natural economy. China's industry has laid a considerable foundation but its technology and equipment are still backward, its production setup is irrational, the level of enterprise management is low, and the economic effect is poor. Marx said: "The agricultural labor productivity which surpasses the needs of the laborers is the foundation of all societies." ("Collected Works of Marx and Engels," vol 25, p 885) Because the industrial and agricultural production techniques are backward and labor productivity is low, the surplus products that can be provided to society is limited. This finds expression chiefly in two aspects: first, the net commodity rate of grain is low. In the present distribution of grain, roughly speaking, the grain ration of peasants constitutes 60 percent; the use of grain for seeds, fodder, collective reserves and other collective grain stock accounts for 20 percent, and the amount of grain purchased by the state under unified planning or at negotiated prices amounts to about 20 percent (of which the resold grain makes up around 5 percent). The net commodity rate of grain is only 15 percent or more. That is to say, the rural areas can provide 100 billion jin of commodity grain to society in a year. This amount of grain is used to supply nearly 160 million of the nonagricultural population and is used in various industrial fields. This is obviously not enough. Second, the amount of the annual additional national income is limited. Besides being used to meet the consumption of basic life of the 1 billion population, the part of this additional national income which can be used as accumulation in economic construction is also limited.

This objective fact indicates that in thinking out things, drawing up plans and carrying out construction, we must proceed from China's national condition, do things within the limits of our own resources, uphold the principle of proceeding in an orderly way and step by step, so as to make the scale of construction correspond to national capabilities. As early as in 1957, Comrade Chen Yun said: "The scale of construction should correspond to the state's financial and material resources. Whether the scale of construction corresponds to the state's financial and material resources or not is the demarcation line between a stable and unstable economy. Economic stability is of utmost importance to a big country like ours with a population of 600 million. The scope of construction exceeding the capabilities of the state's financial and material resources will lead to economic chaos. If the two suit each other, then the economy will be stable." Practice has proved that Chen Yun's words are correct. The root cause why we indulged in high accumulation rate and large-scale construction time and again in the past and why we paid undue emphasis on "the consumption of production" to the neglect of "the production of consumer goods" lies in the fact that we deviated from China's basic national

condition both in our thinking and actions. Therefore, let it serve as an important historical lesson so that in carrying out the socialist modernization program smoothly we will have a correct and comprehensive understanding of China's basic national condition, handle well the relationships between production, construction and the people's livelihood, not increase accumulation excessively at the expense of consumption on the one hand and pay attention to avoid boosting consumption to the neglect of accumulation on the other hand.

Practice "Protracted War", not "the Theory of Achieving Quick Results"

Those who preach "the theory of achieving quick results" wish to put an end completely to the state of "poverty and blankness" caused by prolonged historical reasons within a fairly short time, regardless of the objective conditions and in disregard to actual capabilities. In a word, they are overanxious for success.

One of the main manifestations of "the theory of achieving quick results" is that in the realm of production relations they preach "the theory of continued revolution" and are excessively impatient for moving to a higher level of ownership of the means of production. It must be affirmed that the orientation of the party in leading in good time the peasants in taking the road of mutual aid teams and cooperativization was correct and the achievements were substantial. The problem was that the agricultural cooperativization was a bit too hasty and its pace was a bit too fast. At a time when the elementary cooperatives were not widely established, a rush to move directly to the stage of advanced cooperatives had emerged throughout the country and when there was not enough time for the advanced cooperatives to get a firm foothold, they were forced to "climb a story higher" and the movement for rural people's communes which were "large in size and collective in nature" was initiated posthaste on a large scale. Within a short period of several months, there was a great rush into action, with over 99 percent of the peasant households being organized into rural people's communes. During the 10 years of internal disorder, a wind of the "paupers' transition" was stirred up. Some localities advanced from the production teams being the basic accounting unit to a stage in which the production brigade or the commune was taken as the basic accounting unit. The private plots of the commune members were confiscated and the rural trade fairs were banned. This seriously dampened the enthusiasm of the peasants, and production suffered great damage.

Another main manifestation of "the theory of achieving quick results" is that in economic construction, they engage in high accumulation rate and in blind and rash advance. In the past, undue emphasis was more often than not laid on capital construction to the neglect of production; production was given one-sided stress while improving the people's livelihood did not receive deserved attention. There emerged two peaks ever pushed higher in raising accumulation rate at will and in starting capital construction on a large scale: one was in the 3 years of the "great leap forward." Between 1958 and 1960, the 3 years' average accumulation rate was 39.3 percent. The other was in the decade of internal disorder. Owing to the perverse acts of Lin Biao and Jiang Qing counterrevolutionary cliques and coupled with the errors in our economic work, excessive investments were made in large- and small-scale construction of the third line and capital construction was increasingly overstretched. Since 1970 onward, the accumulation rate has been "in premature advance" for many years running. The scope of construction deviating

from the actual possibilities of national capabilities resulted in serious disproportions in the national economy, poor economic effect and great waste and losses. For example, the average annual increase in investment during the stage of the "second 5-year plan" was over 200 percent more than that during the stage of the "first 5-year plan." The proportion of large- and medium-scale capital construction projects which had been completed and put into operation dropped from 15.5 percent during the stage of the "first 5-year plan" to 8.1 percent and the ratio of the additional fixed assets to the total amount of investment decreased from 83.7 percent during the stage of the "first 5-year plan" to 71 percent. During this period, production was quite abnormal and the national income dropped.

"The theory of achieving quick results" not only violates the principle that the production relations must suit the level of the social production forces but also does not tally with the requirements of basic socialist economic laws.

In the light of China's basic national condition and the difficulties derived therefrom, we must oppose passivity and pessimism on the one hand and do everything possible to avoid being impatient for quick results on the other. We have the superior socialist system, a relatively complete industrial system and national economic system, a contingent of economic and technical personnel, and industrious and brave people and rich experiences both positive and negative in construction, and so on. All these are favorable conditions for accomplishing the magnificent goal of the socialist modernization. However, in putting an end to the backwardness of China's production forces and genuinely reaching the level of the more economically developed countries, there is still a rather long and arduous way to go. For this reason, in terms of thinking of construction, we must be mentally prepared to wage a "protracted war." By waging a "protracted war", we definitely do not mean that the lower the targets are, the better, and they can be fulfilled at a leisurely pace, but instead we must rouse ourselves, go all out, tap potential in every conceivable way and try our best to maintain a certain speed of steady advance.

Keep a Clear Head, Do Not Get Swellheaded Because of Successes

Very often we fail to keep a cool head before our successes. We have paid a high price in this respect. We had a swelled head about our successes scored in the first 7 years after the founding of the PRC. In 1958 a full-scale "great leap forward" was initiated; "artificial satellites" in agriculture were launched on a full scale; the practice of doubling or redoubling the output of iron and steel in industry was exercised and people vied with one another in starting capital construction projects. As a result, we had to spend 3 years in carrying out readjustment and to bring the passive situation to an end. After the smashing of the gang of four, and in particular after 1978, a year when certain achievements were made in the economic work, some comrades again had a swelled head, stressing the need to "speed up our steps" to go all out, and raised some unrealistic slogans and high targets. The state's investment in capital construction in 1978 was 32 percent higher than that of the previous year, surpassing the growth rate of the national income and state financial revenue of that year. In questions of using foreign investment and introducing technology from other countries, they also failed to keep a clear head, and as a result, economic work was thrown into passivity. To counter the problems in economic work, the CCP Central Committee convened a

work conference at the end of 1980 and clearly pointed out that the main problem in the economic work since the founding of the PRC was that economic work was jeopardized by "leftist" thinking, thus correcting the guiding ideology in our economic work. This has created the most favorable conditions for us to further implement well the readjustment policy.

In the accomplishing the four modernizations, the burden is heavy and the road is long. We must take the road charted by the "resolution on certain questions in the history of our party since the founding of the PRC" in a down-to-earth manner, preserve the spirit of the legendary foolish old man who removed mountains, keep up the vigorous revolutionary will, continuously overcome difficulties of all kinds in our advance and wage firm and indomitable struggles, so as to build step by step a modern and powerful, highly democratic and culturally advanced socialist country.

CSO: 4006/250

AGGREGATE ECONOMIC DATA

NATIONAL STATISTICAL DATA FOR JANUARY-AUGUST PRESENTED

Beijing TONGJI [STATISTICS] in Chinese No 4, 10 Oct 81 pp 47-49

[Article: "Statistical Data on the National Economy"]

[Text]. 1. Industrial and Communications Output for January-August

	Unit	Quantity		Percentage	
		Jan-Aug 1981	Aug 81	Jan-Aug 81 compared to Jan-Aug 80	Aug 81 comp. to Aug 80
1. Gross industrial output value	100 million yuan	3,327.4	423.7	101.0	102.2
Light industry	"	1,681.7	213.4	112.0	112.5
Heavy industry	"	1,645.7	210.3	91.8	93.5
2. Output of major products					
Bicycles	10,000 units	1,054.3	151.2	125.1	132.8
Sewing machines	"	624.6	82.9	126.0	125.8
Watches	"	1,819.1	251.9	125.9	130.5
Television sets	"	285.7	40.3	201.8	195.4
Radio sets	"	2,806.7	293.7	163.6	112.3
Cameras	"	34.9	5.1	151.7	159.3
Domestic washing machines	"	55.16	10.51	406.2	402.7
Synthetic fibers	10,000 tons	33.9	3.6	116.1	109.0
Silk	"	206.5	27.3	106.3	107.7
Cotton cloth	100 million meters	91.8	12.1	102.8	105.0
Sugar	10,000 tons	206.7	--	124.1	--
Crude salt	"	1,382.5	152.5	104.3	171.9
Cigarettes	10,000 boxes	1,054.5	135.4	107.9	116.4
Machine-made paper and cardboard	10,000 tons	346.2	44.6	97.7	100.7

Raw coal	100 million tons	3.92	0.51	96.4	101.8
Crude oil	10,000 tons	6,728.6	857.2		94.7
Electric power	100 million kWh	2,004.7	255.6	101.3	101.5
Hydroelectric power	"	424.8	62.4	113.7	96.5
Steel	10,000 tons	2,350.4	278.4	93.7	89.9
Pig iron	"	2,287.0	283.9	88.7	88.2
Steel products	"	1,728.8	219.0	93.6	93.5
Coke (mechanical coke)	"	2,106.6	266.1	91.6	91.6
Sulfuric acid	"	508.9	64.5	99.2	106.0
Sodium carbonate	"	109.3	12.6	100.9	112.7
Caustic soda	"	125.3	16.1	95.1	99.1
Chemical fertilizers	"	824.3	100.0	96.1	96.8
Pharmaceutical chemicals	"	2.3	0.3	81.2	98.2
Agricultural pesticides	"	35.4	4.3	90.8	92.6
Plastics	"	60.2	7.9	98.4	104.2
Wood products*	10,000 cubic meters	1,430	65	92.0	72.2
Cement	10,000 tons	5,272.3	717.8	100.3	102.3
Plate glass	10,000 standard cases	1,863.3	248.6	106.1	108.8
Mining equipment	10,000 tons	6.9	0.8	65.9	81.1
Metal cutting machine tools	10,000 units	6.88	0.8	80.0	75.1
Motor vehicles	"	12.03	1.37	79.6	74.9
Tractors	"	4.24	0.33	56.9	49.0
Locomotives	units	263	29	78.3	58.0

3. Communications and transportation

Railroad haulage	100 million tons	6.90	0.91	94.6	96.7
Water transport of goods directly subordinate to Ministry of Communications	"	0.92	0.13	95.8	101.4

*Output of wood products includes only figures from northeastern and Inner Mongolia forest areas.

2. Market Supply of Retail Commodities in the Cities and Countryside (Jan-July)

	Unit	Quantity		Percentage	
		Jan-Jul 81	Jul 81	Jan-Jul 81 compared to Jan-Jul 80	Jul 81 comp. to Jul 80
Retail sales of social commodities	100 million yuan	1,300.5	173.9	106.6	106.4
Retail sales of consumer goods	"	1,079.6	138.6	110.1	107.6
Retail sales of major commodities					
Fattened pigs	10,000 units	6,651.0	941.0	90.7	89.0
Fresh eggs	10,000 jin	68,175.2	9,470.0	88.3	85.1
Table sugar	10,000 tons	201.4	27.6	103.4	107.4
Cotton cloth	100 million meters	41.8	4.8	93.5	94.1
Cotton-synthetic blends	100 million meters	14.6	1.8	124.5	114.3
Synthetics	"	4.7	0.6	"	"
Sewing machines	10,000 units	388.0	61.7	118.0	121.9
Wristwatches	"	1,273.0	180.0	119.2	108.7
Bicycles	"	687.3	104.2	114.7	116.7
Semiconductor radios	"	1,252.1	123.1	113.6	79.7
Television sets	"	225.6	20.2	170.1	123.9
Coal	10,000 tons	5,604.0	774.0	91.8	93.0

Note: Figures for retail sales of social commodities do not include retail sales by peasants to non-agricultural inhabitants. The figures for sales of major products are for commerce under ownership by the whole people.

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CSO: 4006/157

FINANCE AND BANKING

BRIEFS

SHENYANG CURRENCY WITHDRAWAL--In 1981, Shenyang Municipality in Liaoning withdrew 171.58 million yuan, a record and an increase of 86.69 million yuan over that of 1980. Cash income from sales of commodities was 2,162,700,000 yuan in 1981, 18.8 percent greater than in 1980. The municipality also overfulfilled its 1981 urban savings plan by 9 percent. The savings balance was 612.96 million yuan, the highest since the founding of the PRC. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 15 Jan 82]

GUIZHOU REVENUE--Guizhou overfulfilled its 1981 revenue quota by 3.74 percent. This quota has now been overfulfilled for 5 successive years. It was achieved despite a decline in industrial production together with reduced industrial profits and increased losses. Attention was paid to taking advantage of the province's strong points in cigarettes and wine and to developing consumer goods production and rural diversification. As a result industrial and commercial revenue increased. [HK150627 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 7 Jan 82]

TIANJIN URBAN SAVINGS--At the end of 1981 the total amount of savings in urban areas of Tianjin Municipality reached 813 million yuan, an increase of 122.51 million yuan over 1980. [Tianjin City Service in Mandarin 1430 GMT 15 Jan 82]

GUANGDONG REVENUE--Guangdong fulfilled its revenue quota for 1981 and achieved a slight surplus of revenue over expenditures. According to initial statistics from the provincial finance department, revenue totalled 4.01 billion yuan, overfulfilling the year's plan by 2.8 percent. This represented a 7.6 percent increase over 1980. Revenue quotas were overfulfilled by Guangzhou, Shenzhen, Zhuhai and Shaoguan Municipalities and Huiyang, Shaoguan, Foshan, Zhaoqing, Zhanjiang and Shantou prefectures. Shenzhen and Zhuhai municipalities overfulfilled their quotas by more than 100 percent. The province overfulfilled its expenditure quota by 3.8 percent, showing an increase of 8.9 percent over 1980. The departments concerned point out that problems still exist. For instance, revenue was unbalanced, and industrial enterprises increased both production costs and losses and turned over less profit to the state. [Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 6 Jan 82]

LIAONING TAX REVENUES--Liaoning Province overfulfilled the 1981 state assignment of tax revenues by over 15 million yuan. Through careful inspection of over 37,000 enterprises throughout the province, Liaoning recovered 54.3 million yuan in tax revenue last year. [SK100615 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 9 Jan 82]

NINGXIA ENTERPRISE FINANCE INSPECTION--The Ningxia Hui Autonomous Regional People's Government held a telephone conference on the afternoon of 28 December urging all localities to do a good job of inspection of enterprise finances. The chairman of the Regional People's Government, Ma Xin, pointed out the importance of launching inspection of enterprise finances. He stressed that we should attach importance to policy and seriously sum up and publicize the experiences of management of enterprise finances. We should encourage and commend the units and individuals who have done a good job of financial work. With regard to the few enterprises that violate law and discipline, we must investigate the case and punish the people responsible. Comrade Ma Xin called for strengthening leadership over the inspection of enterprise finances and assigned a vice-governor responsible for day-to-day affairs of the Regional People's Government and a vice-governor of the Regional People's Government to personally take care of the inspection. [Yinchuan Ningxia Regional Service in Mandarin 2300 GMT 28 Dec 81]

GUANGDONG FLOOD RELIEF FUNDS--The Guangdong Provincial Civil Administrative Office and the Financial Office allocated 3.15 million yuan of relief funds to the disaster areas in Zhanjiang, Foshan, Shantou, Zhaoqing, Huiyang and Meixian prefectures in the last 10 days of September and at the beginning of October. Recently, the Provincial Civil Administrative Office and the Financial Office again allocated 10 million yuan of relief funds to Zhanjiang, Shantou and Zhaoqing prefectures. The funds will be used to assist the peasants to repair their houses and to purchase grains. The Provincial Civil Administrative Office and the Financial Office demanded that all localities strengthen management over relief funds, mobilize the masses to evaluate applicants for the relief funds and ensure that the relief funds are distributed to needy people. [HK141449 Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 20 Dec 81]

GUANGDONG INDUSTRIAL, COMMERCIAL TAXES--Guangdong Province overfulfilled its quotas for collecting industrial and commercial taxes by 3.7 percent 11 days ahead of schedule. By 20 December, the amount of taxes deposited in the treasury was some 2.9 billion yuan, some 340 million yuan more than in the corresponding period of last year. The increase of the industrial and commercial taxes was the result of the readjustment of the national economy. [HK150537 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 28 Dec 81]

HUBEI BANK LOANS--Construction banks in Hubei Province have actively issued special loans to support industrial units which produce exported goods, to carry out technical innovation and modification. By the end of this year, they had issued special loans totaling 67.53 million yuan to support industrial units which produce exported goods, to carry out technical innovation and modification of 549 product items, 433 of which have been produced. The value of these 433 product items this year is 400 million yuan more than their annual average value before the technical modification, thus providing the state with an accumulation of 70 million yuan and earning foreign exchange of \$48 million. [HK160630 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 30 Dec 81]

SHAANXI TAX REVENUE REPORT--In 1981, Shaanxi Province overfulfilled the year's revenue quota by 2.76 percent. The revenue collected rose by 27 million yuan, an increase of 4.2 percent over 1980. There were several reasons for the province's overfulfillment of the revenue quota. First, the light and textile industries

were promoted amid the readjustment, laying a firm foundation for an increase in revenue. Second, the CCP committees and the people's government at all levels have further strengthened leadership over revenue work. Third, the revenue departments have correctly implemented policies to promote the work. [HK160528 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 9 Jan 82]

QINGHAI INDUSTRIAL REVENUE--Qinghai Province overfulfilled the 1981 industrial and commercial revenue plan by 6.93 percent. In 1981 revenue handed over by textile departments to the state increased by 2.32 million yuan or 18 percent compared with 1980. [SK131252 Xining Qinghai Provincial Service in Mandarin 2330 GMT 12 Jan 82]

LIAONING EXPORTS--Liaoning Province's industrial enterprises have increased the production of exports. The 1981 provincial output value for exported industrial products reached 2.4 billion yuan, an increase of 20 percent over 1980 and a record. Among exported products, heavy industrial products accounted for 60 percent. At the 1981 Australia international sales exhibition on machine tools, China marketed 800 machine tools; 700 were produced by Liaoning Province. [SK152212 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 14 Jan 82]

JILIN SAVINGS DEPOSITS--The amount of savings deposits in cities and towns in Jilin Province in 1981 was over 1 billion yuan, which accounted for 40 percent of the province's total source of funds and 37 percent of loans granted for industry. In 1981, the province's savings deposits in urban areas increased by 447.5 million yuan, 23.7 percent above the plan. The 1981 rural savings deposits totaled 408.99 million yuan, an increase of 148.83 million yuan over 1980. The average per capita savings deposits of peasants was 17.52 yuan. [SK120822 Changchun Jilin Provincial Service in Mandarin 1100 GMT 11 Jan 82]

CSO: 4006/246

MINERAL RESOURCES

BRIEFS

SHAANXI GOLD PRODUCTION INCREASE--Shaanxi Province had scored good results in gold production for 3 successive years. In 1981, the province has again overfulfilled the state's output quota. The production of gold has increased by 52.7 percent, which is an all-time record. [Xian Shaanxi Provincial Service in Mandarin 1130 GMT 13 Jan 82]

CSO: 4006/249

INDUSTRY

TAIYUAN HOLDS MEETING OF INDUSTRIAL UNITS

HK131409 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 11 Jan 82

[Summary] From 8 to 9 January, the Shanxi Provincial CCP Committee called together the responsible persons of some industrial enterprises in Taiyuan to hold a meeting to sum up experiences for last year. Those units included the Taiyuan Iron and Steel Works, [words indistinct] Shanxi Machine Building Plant, Taiyuan Chemical Industrial Factory, Taiyuan Knitting Factory and Taiyuan City Garment Company. Shanxi Provincial CCP Committee Secretary Wang Kewen, and provincial Vice Governor (Wang Xi) presided over the meeting.

"The participants at the meeting proved with a great deal of facts that the prospect is bright for the province to attain in the readjustment of the national economy a growth rate which is geared to the actual circumstances." As long as the guideline of the "two further readjustments" put forth by the party's Central Committee is resolutely implemented and morale is held high, those machine building and heavy industrial enterprises with insufficient tasks will be able to make a breakthrough in the present situation, while light industrial enterprises will be able to make a great leap forward. For example, both Taiyuan Iron and Steel Works and Taiyuan Machine Building Plant made profits last year after having readjusted their service orientation. Other enterprises also achieved fair success. All these facts show that encouraging changes can be achieved by implementing the guideline of economic readjustment.

While summing up the past experiences, the participants also spoke glowingly of their own new plans for the new year. "All the participants agreed that in order to plan well and organize this year's industrial production tasks with the improvement of the economic effect as the key link, it is necessary to carry out an overall rectification of the enterprises." In short, all productive activities must be oriented toward such a goal, namely, to provide at the lowest possible cost as many fine quality products as possible which meet the people's needs. On the other hand, in order to boost industrial production this year, the present production responsibility system must be further improved and developed, and the political and ideological work must be well organized.

The chairmen of the meeting encouraged all the participants to promote production and enliven the economy in every possible way.

CSO: 4006/250

INDUSTRY

HUNAN HOLDS PHONE CONFERENCE ON INDUSTRY

HK100344 Changsha Hunan Provincial Service in Mandarin 2310 GMT 5 Jan 82

[Text] Yesterday afternoon the provincial people's government held a provincial phone conference on industrial and communications production, calling on the broad masses of workers and staff members in the industrial and communications fields to grasp production firmly and well right from the beginning of the year. The production level of January should be equal to that of last December. The February production level should exceed January's and the March production level should be higher than February's. About 23.5 percent of the production quotas of the whole year should be fulfilled during the first quarter. This year's total industrial output value should be 5 percent higher than last year's.

Responsible comrades of the provincial people's government pointed out at the conference: In order to gain initiative in the work of the whole year, we should have a good start during the first quarter so that industrial production will be carried out on a solid basis with increasing speed. The month of January is of crucial importance in the first quarter. During vacations of festivals, people are liable to relax their efforts. Various factories, mines and enterprises should do a good job in mobilizing the masses ideologically so that workers and staff members will further boost their morale. In so doing, we will ensure that production will not drop before festivals and that all workers turn out for work after their holidays. Since the spring festival is approaching, light industrial, textile and electronics enterprises should do their best to produce more textile products, clothing, and electrical appliances for daily use, food, small commodities, children's articles and furniture and so forth to meet the demands of holiday makers. They should arrange the production of chemical fertilizer, plastic film for agricultural use and medium-size as well as small farm tools in accordance with the needs of rural areas. Before the spring festival, workers in the field of coal mine production should fulfill 95 percent of the production quota for January.

CSO: 4006/250

INDUSTRY

PRC-BUILT JUMBO JET MAKES DEMONSTRATION FLIGHT

OW260444 Fujian Front PLA in Mandarin to Taiwan 0300 GMT 25 Dec 81

[Text] Recently, a jumbo passenger jet, Meteorite 0002, designed and built by China, made a demonstration flight over Beijing airport. Shen Tu, director-general of the General Administration of Civil Aviation, and Cao Lihuai, deputy commander of the air force, watched the demonstration flight together with more than 2,000 people of Beijing. After the flight, they embarked the plane to see its interior.

During the demonstration flight, the plane circled twice over the airport and climbed to an altitude of 1,000 meters. On the second circle, the plane made six U-turns and performed a low-altitude pass at 100 meters.

This meteorite-type passenger jet was designed and built according to the feasibility requirements for civil aircraft in our country and the relevant demands set by the International Civil Aviation Organization. It is 42.933 meters long and 13.42 meters high with a maximum speed of 974 kilometers per hour. The maximum elevation of flight is 12,330 meters. The plane can carry 178 passengers. Designing and building such a large passenger jet was the first of its kind in China's aviation industry history.

Since the plane successfully made its first test flight on 26 September 1980, work has been done to test its performance and determine the various related data. As indicated by the test flights already performed, this meteorite-type passenger plane is characterized by safety, passenger comfort, high speed, relatively low fuel consumption and fairly good suitability to different airfields.

CSO: 4006/242

INDUSTRY

BRIEFS

GUANGDONG INDUSTRY--Guangdong industry achieved steady and balanced development in 1981. Total output value was 24,958 billion yuan, an increase of 11.41 percent over 1980. The year's plan was overfulfilled by 3.41 percent. Production rose in each quarter of the year. All prefectures and municipalities achieved increased output, with the exception of Hainan. Increases of over 20 percent were recorded in Shenzhen and Zhuhai municipalities and Foshan Prefecture. Light industry rose by 17.3 percent and heavy industry by 1.77 percent. [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 11 Jan 82 HK]

GUANGXI INDUSTRY--According to the departments concerned, Guangxi's industrial production made new progress amid readjustment in 1981. Total output value topped the 1980 figure by 5 percent. This included an increase of about 17 percent in the light and textile industries. Output plans were fulfilled for 54 out of 71 major products, while output of 42 of these products rose compared with 1980. By 25 December, the region's mechanical sugar refineries had refined 1.1 million tons of sugarcane and produced 20,000 tons more sugar than at the same time in the previous refining season. [Nanning Guangxi Regional Service in Mandarin 1100 GMT 1 Jan 82 HK]

HENAN 1981 INDUSTRIAL OUTPUT--In 1981 Henan Province achieved good results on its industrial and communications front owing to the implementation of the policies of economic readjustment and owing to the development of various forms of the production responsibility system. The total industrial output value in 1981 amounted to 19,562 billion yuan, which was a 6.1 percent increase over that in 1980. The total output value of textile and light industry increased by 15 percent. The output of the commodities that were much needed on the market such as bicycles, sewing machines, watches, cigarettes and alcoholic drinks all increased by more than 50 percent. The output of coal produced by mines above the county level totaled 47.57 million tons, which was 2 percent above the year's plan and was a 1.08 percent increase over that in 1980. [HK150929 Zhengzhou Henan Provincial Service in Mandarin 1130 GMT 14 Jan 81]

ZHENGZHOU 1981 INDUSTRIAL OUTPUT--The total industrial output value of Zhengzhou Municipality in 1981 increased by 8.7 percent over 1980, and the total financial revenue increased by 8.04 percent. The output of cigarettes, beer, clothes, leather, furniture, glassware for everyday use, chemical fertilizer and other kinds of commodities that sell quickly all increased by more than 100 percent. [HK150929 Zhengzhou Henan Provincial Service in Mandarin 1130 GMT 14 Jan 82]

JILIN TRADE UNION FORUM--According to our sources, the provincial and Changchun municipal trade union councils held a forum to greet the spring festival this afternoon in the provincial hostel. Attending the forum were over 90 persons, including leading comrades of the province and Changchun Municipality, model workers, advanced producers and advanced workers on the industrial, communications, capital construction, financial trade, cultural education and public health fronts, and persons who have made contributions to the four modernizations. Comrade Qiang Xiaochu attended and spoke at the forum. He spoke highly of the outstanding achievements scored by the model workers, advanced producers and workers and persons who won honor in 1981. He urged model workers to give play to their roles as model, bridge and vanguard to make contributions to the building of material and spiritual civilizations. [SK220838 Changchun Jilin Provincial Service in Mandarin 1100 GMT 21 Jan 82]

XINJIANG INDUSTRIAL PRODUCTION INCREASES--Xinjiang region overfulfilled the quota for the total industrial output value in 1981 by 2.7 percent, and the total industrial output value in 1981 was 3 percent more than in 1980. Of this total industrial output value, the light industrial output value in 1981 was 11.7 percent more than in 1980. The proportion of the light industrial output value in the total industrial output value increased from 43.3 percent in 1980 to 46.9 percent in 1981. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 9 Jan 82 HK]

LIAONING ELECTRONIC INDUSTRY--Liaoning Province vigorously increased the output of televisions, radios and tape recorders in 1979-1981. Compared with the preceeding year, the output of televisions increased 100 percent in 1979, 36 percent in 1980 and 100 percent in 1981. On the basis of producing 420,000 radios in 1979, Liaoning Province increased the radio output figure to 1.97 million in 1981. The output of tape recorders increased from 72,000 in 1979 to 120,000 in 1981. The reliability of televisions increased from 400 hours in 1979 to 3,075 hours in 1981. The quality of radios and tape recorders also markedly increased. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 11 Jan 82 SK]

JILIN TEXTILE INDUSTRY--More textile industrial projects than ever were completed and put into operation in Jilin Province in 1981. Of the province's 33 textile industrial projects financed by capital construction loans, 24 went into operation in 1981. Production capacity for 11 major textile products increased. According to preliminary estimates, the 24 projects can contribute an output of 290 million yuan annually. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 10 Jan 82 SK]

HEILONGJIANG INDUSTRIAL OUTPUT--Heilongjiang Province achieve an industrial output value of over 2.1 billion yuan by December 1981. This has resulted in an annual increase in industrial output value of 550 million yuan or 2.49 percent. Meanwhile, the province overfulfilled its annual light industrial output value plan by 13.6 percent. The province's proportion of light industrial output to the provincial industrial output increased from 33 percent in 1980 to 36.8 percent in 1981. Enterprises producing cotton yarn, chemical fiber, bicycles, sewing machines, wristwatches, sugar, milk, radios and televisions overfulfilled their 1981 production plans by from 10 to over 100 percent. The Daqing oil field prefulfilled its 1981 crude oil production plan by 2 days. Collieries throughout the province overfulfilled their raw coal production plans by 4.1 percent. In readjusting the

production of heavy industry, the province has closed or suspended production at 951 enterprises. Some 775 other heavy industrial enterprises have transferred their production to other industries. [SK110642 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 10 Jan 82]

GUIZHOU INDUSTRIAL PRODUCTION QUOTA--Guizhou Province has overfulfilled 1981's industrial production quota by 2.77 percent. Most prefectures and departments in the province have fulfilled or overfulfilled the production quotas for 1981. Of the nine prefectures and municipalities, eight prefectures and municipalities had done a good job of fulfilling the production quotas. Of the 16 light industries, 12 had done a good job of fulfilling the production quotas. Of the 35 daily-use consumer goods, 24 products had done a good job of fulfilling and overfulfilling the production quotas. Heavy industrial production has also done a good job. There were three major reasons for the province scoring good results in production. First, we have further implemented the readjustment policy and adopted appropriate measures to readjust the ratio between heavy and light industries. Second, we have practiced the economic responsibility system in the industrial and communications fronts of the province. Third, we have seriously implemented the spirit of the national work conference of the industrial and communications fronts, and convened a provincial industrial and communications work conference to overcome laxity and weakness in leadership. As a result, production was boosted. [Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 9 Jan 82 HK]

SICHUAN INDUSTRY DEVELOPS--Industrial production in Sichuan achieved a record output value in 1981 despite the serious floods. Practice has proven that the province's industrial production has now embarked on the path of steady development. There has been great development of output of consumer goods. Notable changes have occurred in proportional relations between light and heavy industry, with the proportion of light industry rising from 45.7 percent in 1980 to 50.2 percent. Heavy industry has started to readjust its service orientation and has actively developed new and export products. Various joint undertakings have been set up. Good results have been scored in technical improvements in industry. The national defense industries increased output of civilian goods by 28.5 percent compared with 1980. [Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 2 Jan 82 HK]

HUNAN CONSUMER GOODS PRODUCTION--Hunan Province made new headway in the production of consumer goods in 1981. Of the 26 major light and textile goods, 24 had fulfilled or overfulfilled their respective annual production plans. Increases of between 40 to 100 percent were scored in the production of TV and radio sets, electric fans, bicycles, sewing machines and wrist watches. This was made possible by launching extensive coordination among specialized departments and carrying out the policy of economic integration. Units participating in this kind of coordination and integration increased from the original 500 or so to over 1,800. [Changsha Hunan Provincial Service in Mandarin 1100 GMT 1 Jan 82 HK]

1981 INDUSTRIAL PRODUCTION INDEX--Taipei, 12 Jan (CNA)--The National Industrial Production Index in 1981 rose 3.6 percent as compared with the 1980 level, and all industries except the public utilities registered a slight growth. Compared with the level of 1980, the National Industrial Production Growth Index for 1981 grew as follows: mining, 16.2 percent; manufacturing, 3.9 percent; heavy industry, 3.9 percent; light industry, 4.1 percent. The proportion of the heavy industry against profile of the entire manufacturing industry remained unchanged at 57.6 percent.

Public utilities and the gas industry dropped 0.9 percent, and the housing industry rose 0.2 percent. The single-month nationwide general industrial index last December slipped 2.3 percent as compared with the same month of 1980, the directorate-general of budget, accounting and statistics reported. [Text] [OW120325 Taipei CNA in English 0244 GMT 12 Jan 82]

DESULFURIZING TECHNIQUE DEVELOPED--Shenyang, 18 Jan (XINHUA)--China has developed a desulfurizing technique to recover sulfur dioxide from smoke with iodine-containing activated carbon, according to the Dalian Research Institute of Chemistry and Physics. The technique not only eliminates air pollution caused by sulfur dioxide but also enables China to use her high-sulfur-content coal, the institute said. Since 1977, intermediate experiments of desulfurizing coal with a sulfur content of 5 percent have been carried out at the Songmuping power plant in Hubei Province. The experiments were conducted by seven units, including the Dalian Research Institute of Chemistry and Physics and the Central South China Power Design Institute, under the auspices of the Environmental Protection Office of the State Council, the Ministry of Power Industry and the Chinese Academy of Sciences. In cooperation with other units, the Dalian Institute developed a catalyst for iodine-containing activated carbon, thus making the intermediate experiments successful. The new desulfurizing technique cuts the density of sulfur dioxide in smoke from 0.4 percent to 0.035 percent and also recovers sulfuric acid with a density of 70 percent. [Beijing XINHUA in English 1216 GMT 18 Jan 82]

CSO: 4020/83

CONSTRUCTION

BRIEFS

WELFARE PROJECTS INVESTMENT RECORD--Beijing, 21 Jan (XINHUA)--China spent a record of 17,200 million yuan on housing, education and public health and other social welfare construction projects in 1981, according to statistics released by the State Statistics Bureau today. This accounted for 41 percent of the country's total capital investment. The proportion was 34 percent in 1980 and only about 17 percent before 1978. In the 3 years of economic readjustment, capital construction has been cut down and housing and social welfare facilities projects gone up. Of the 1981 figure, 10,900 million yuan went to housing projects in urban and mining areas. A total of 140 million square metres of floor space was under construction and 75 million were completed, enough for 1.5 million households. The state also appropriated funds for 800,000 square meters of housing floor space for senior intellectuals. By the end of last year, nearly 2,000 senior intellectuals had moved into new houses. In 1981, 4.5 million square meters of building for institutes of higher learning were completed, 58 percent more than those built in the previous year; the figure was the best year since the founding of new China. Other projects included cooking gas, water mains, drainage and sewage treatment in a number of cities. [Beijing XINHUA in English 0140 GMT 21 Jan 82]

BEIJING SPEEDS HOUSING CONSTRUCTION--Beijing, 15 Jan (XINHUA)--Beijing completed a total of 3.9 million square meters of housing floor space, or 70,000 apartments, in 1981. This was a record year, according to the city's capital construction commission. The shift in priority from production projects to housing and municipal works came in 1977. In that year, housing construction amounted to 1.38 million square meters. In 1978, it was 1.9 million square meters, in 1979, 2.84 million and in 1980, 3.56 million. In the 27 years from 1949 to 1976, average housing floor space completed annually was only 900,000 square meters. In the last 5 years the housing built is nearly equal to all of the houses in Beijing in 1949. An official of the municipal commission of capital construction said that the housing shortage is still acute despite the rapid increase in construction in the past few years. Per capita residential floor space in the city is less than five square meters. Greater efforts must be made to accelerate housing construction, he added. Beijing municipal authorities now encourage enterprises and institutions to put up housing with funds raised by themselves in addition to the housing funded by state appropriations. Many factories have built houses for workers and staff with their collective welfare funds. [Beijing XINHUA in English 1210 GMT 15 Jan 82 OW]

DOMESTIC TRADE

BRIEFS

LIAONING MARKET SUPPLY--Liaoning Province had more commodities on markets in 1981 than ever. Agricultural departments supplied markets with 3 billion yuan worth of farm and sideline produce, a 50 percent increase over that of 1980. Light and textile industrial departments supplied markets with 6 billion yuan worth of industrial products, a 7 percent increase over that of 1980. Commodities transferred from other provinces and imported from foreign countries also increased in 1981. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 7 Jan 82]

GUIZHOU SOCIAL PURCHASING POWER--According to the statistics of relevant departments, social purchasing power in Guizhou Province has increased by 350 million yuan over last year. This is the best level ever scored since the establishment of the PRC. The major manifestations of the increase in social purchasing power are: 1. There has been a significant growth in social purchasing power in the rural areas. The income from agricultural and sideline products has increased by 250 million yuan over last year and the purchasing power in the rural areas has increased by 16.6 percent over last year. 2. The living standard of people living in cities and towns has improved. The total volume of retail sales has increased by 9.3 percent. Of this, the sale of daily-use consumer goods has increased by 12.5 percent and the sale of agricultural means of production by 5.7 percent. 3. Savings in banks have increased by some 100 million yuan. [HK141453 Guizhou Zuiyang Provincial Service in Mandarin 2315 GMT 21 Dec 81]

GUIZHOU PRICE CONTROL CIRCULAR--On 30 December, the Guizhou Provincial People's Government issued a circular, demanding that governments at all levels seriously implement the spirit of the State Council's circular on readjusting the prices of polyester fabrics, cigarettes and wine, and further do well in stabilizing the market commodity prices. The circular demands that all places strengthen control over the market. Without the approval of the departments in charge of commodity prices, all places and units must reduce the prices which they have privately raised, to the price on 7 December 1980. [HK160546 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 30 Dec 81]

HENAN NOTICE--The Henan Provincial People's Government dispatched a notice on 10 January, demanding that the people's governments at all levels and departments concerned resolutely implement the State Council's notice on stabilizing market prices. The notice said: First, the people's governments at all levels must promptly transmit the State Council's notice on stabilizing market prices. Second, all prefectures, municipalities and counties and all departments concerned must

take the initiative to implement the stipulations listed in the notice. Third, we must conduct investigations of market prices. Units or individuals found guilty of violating the State Council's stipulations will be dealt with individually. Serious cases will be dealt with according to law. Fourth, we must ensure an abundant supply of commodities during spring festival. Fifth, we must further strengthen management over the market and commodity prices, and do a good job of stabilizing market prices. [Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 3 Jan 82]

GUIZHOU SUPPLY, MARKETING SYSTEM--The Guizhou supply and marketing system has scored good results in purchasing and marketing and the rural markets are prosperous. Up to the end of November, the Guizhou provincial supply and marketing system had fulfilled a net amount of 464.26 million yuan in procurement, overfulfilling the year's quota by 32.6 percent. The procurement of agricultural and sideline products amounted to 284.97 million yuan, overfulfilling the year's quota by 35.7 percent. The net amount of sales was 1.259 billion yuan, overfulfilling the year's quota by 3 percent. Profits amounted to 43.7 million yuan, overfulfilling the year's quota by 212.2 percent. These results are the best since the establishment of the provincial supply and marketing system. Since the beginning of this year, the supply and marketing system has attached importance to combating natural disaster and devoted major efforts to promoting the diversified economy. The supply of life-use commodities has increased by figures ranging from 5.4 to 193.8 percent over last year. The total volume of retail sales has increased by some 74 million yuan. [Guizhou Guiyang Provincial Service in Mandarin 2315 GMT 21 Dec 81]

HUBEI PRICE CONTROL CIRCULAR--The Hubei Provincial People's Government recently issued a circular on further stabilizing market commodity prices. No unit is allowed to lower the quality of pork, fresh fish, fresh eggs, byproducts, grain and edible oil and other major nonstaple foods which are supplied in a fixed quantity or on the presentation of a coupon or to raise their prices indiscriminately. No units are allowed to falsely label goods amounts. The province must completely stabilize the prices of vegetables. The readjustment of commodity prices and charges under the management of prefectures, municipalities and counties must be reported to the provincial people's government for approval. Without approval, no prices or charges can be changed without authorization. It is required to strengthen management of market prices and to strike blows at the speculative and profiteering activities. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 31 Dec 81]

NO 4006/246

FOREIGN TRADE

RONG YIREN ON UTILIZATION OF FOREIGN INVESTMENT

OW150113 Beijing XINHUA Domestic Service in Chinese 1300 GMT 14 Jan 82

[Text] Beijing, 14 Jan (XINHUA)--The All-China Journalists' Association and the China International Investment and Trust Corporation held a press conference for Chinese and foreign journalists on the afternoon of 14 January. At the press conference, that was attended by some 90 Chinese and foreign journalists, Rong Yiren, chairman and president of the corporation, explained China's utilization of foreign investment and the corporation's expanding activities.

Rong Yiren said: Perseverance in the open policy and enhancement of China's self-reliant capacity constitute one of the 10 major principles of its national economic construction. New progress and growth will be achieved in China's utilization of foreign investment and economic and technical cooperation and exchanges with other countries this year.

He said: The corporation's work in organizing projects with direct foreign investment and with funds borrowed from other countries will mainly include the following fields this year: importing necessary technology and equipment; transforming and expanding small- and medium-sized enterprises in the country; developing light, textile, food-processing, petrochemical and basic chemical industries; organizing the production of construction materials urgently needed in the country; exploring nonferrous metal and other mineral resources; transforming local coalmines; strengthening transportation, railways, ports and other weak links; and organizing exports of coal.

Rong Yiren said: We welcome contacts and cooperation with all people who are willing to conduct economic and technical exchanges on the basis of equality and mutual benefit, and we will do our share in promoting such friendly contacts.

Rong Yiren also answered questions from Chinese and foreign journalists.

LSO: 4006/248

FOREIGN TRADE

BRIEFS

TIANJI EXPORT GROWTH--Tianjin's foreign trade increased substantially in 1981. The municipal exported goods procurement plan was overfulfilled by 8.3 percent, a 10.8 percent increase over the previous year. The foreign trade growth rate in 1981 was higher than the 6.4 percent growth in total industrial output value. [SK161311 Tianjin City Service in Mandarin 1430 GMT 15 Jan 82]

LIAONING FOREIGN TRADE--Liaoning Province overfulfilled its 1981 export goods procurement plan by 19 percent and its export plan by 20 percent. Some \$10 million were earned from ginseng, antler and mink exports in 1981. Dalian and Yingkou municipalities supplies 1 billion yuan of goods for export. More than 350 enterprises in the province export goods made of imported raw materials. [SK131400 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 12 Jan 82]

JILIN 1981 EXPORTS--According to a radio talk by (Jin Yinong), director of the Jilin Foreign Trade Bureau, the province overfulfilled by 16 percent its 1981 procurement plan of export goods, topping the 500-million-yuan target set by the provincial CCP Committee. The annual plan for exports was overfulfilled by 12 percent, and exports increased by 87 percent over 1980 in real terms. [SK110632 Changchun Jilin Provincial Service in Mandarin 1100 GMT 10 Jan 82]

QINGHAI FOREIGN TRADE--The Qinghai People's Government-sponsored meeting on foreign trade planning concluded recently in Xining. The province achieved good results in various foreign trade targets in 1981. By the end of 1981, the procurement of exports surpassed the annual target by 20 percent. Commodities exported by private enterprises increased from nine varieties in 1980 to 29 varieties. These commodities were exported to 22 foreign countries and regions. The meeting pointed out that the 1982 provincial procurement of exports should surpass 100 million yuan, and the export volume of private enterprises should exceed \$10 million. [SK090832 Xining Qinghai Provincial Service in Mandarin 2330 GMT 8 Jan 82]

GANSU EXPORTS--Lanzhou, 10 Jan (XINHUA)--Gansu Province exported U.S.\$45 million worth of goods in 1981, 20.8 percent more than in 1980, according to the Provincial Administrative Commission on Import and Export Affairs. More metallurgical products were sent abroad and the diversification of rural areas economy was expanded, the commission said. The province exported pig iron, silicon iron, graphite cells, graphite powder and zinc for the first time in 1981. So far overseas firms have placed orders for 50,000 tons of such products. The province also exported 6,000 tons of broad beans, 70 tons of roses and 1,000 tons of apples, all hitting all-time highs. Gansu Province imported mainly pesticides and light and textile industrial equipment and raw materials. The carding, dyeing and finishing equipment and polyacrylonitrile imported last year helped the growth of Gansu's textile industry. [Text] [OW201447 Beijing XINHUA in English 0248 GMT 10 Jan 82]

HEBEI PROVINCE UPS EXPORTS--Shijiazhuang, 12 Jan (XINHUA)--Hebei Province's exports were valued at the equivalent of U.S.\$766.7 million in 1981, 26.3 percent more than in 1980, and an all-time high, according to the Provincial Bureau of Foreign Trade. Cereals, oils and foodstuffs exported came to U.S.\$127.7 million, up 84.7 percent over 1980. Hardware and mineral ores came to U.S.\$250.2 million, up 47.8 percent. Machinery was up 210 percent and equipment 95.6 percent, the bureau said. The province adopted flexible trade forms to expand exports. Products processed or assembled with imported raw materials accounted for 43.9 percent of the total. Hebei exported 23,000 tons of shelled peanuts in exchange for edible oil, according to the bureau. Sixteen sales promotion and study groups were sent to 50 countries and regions in 1981. Large numbers of foreign and Hong Kong and Macao business people were invited to Hebei for trade talks. Two cargo ships were added to the Qinhuangdao Harbor to Hong Kong route last year. An official of the Foreign Trade Bureau said that the province is determined to increase exports again in 1982. [Text] [OW201437 Beijing XINHUA in English 0722 GMT 12 Jan 82]

CSO: 4020/86

LABOR AND WAGES

BRIEFS

GUANGDONG JOBS FOR UNEMPLOYED--By the end of 1981, Guangdong had arranged jobs for some 400,000 people. Together with the record of the past 2 years, the province had arranged jobs for 1.33 million unemployed. At present, most of the educated urban youth working in the countryside and mountain areas have had jobs arranged for them in cities and towns. The ratio of employment in cities and towns in Guangdong is higher than the average national level. In Guangdong, a larger proportion of people are self-employed or working for the collectives than in other provinces. There is a steady increase of people working in light industrial enterprises, commercial and service trades. In addition, labor agencies have played an active role in planning and providing information about employment. At the provincial manual labor work conference, representatives from all localities affirmed the results scored in the past 3 years. In the light of the future task, the conference demanded that all leaders in cities and towns personally implement measures to do a better job in employment. [HK110630 Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 16 Dec 81]

GUIZHOU LABOR CONFERENCE--The provincial labour bureau recently held a conference for labor bureau heads to study future work of arranging jobs for young people awaiting employment. The conference affirmed the achievements scored in arranging jobs for young people awaiting employment, and emphatically pointed out the difficulties confronting the work. Some people do not have a correct understanding of the collective and individual economies and hold that employment of the collectives is inferior to that of state enterprises. In the light of this situation, the conference held that the key to opening more avenues of employment lay in having a correct understanding of ownership questions. We must strengthen propaganda work so as to explain to the masses that both ownership by the whole people and ownership by the collective are basic forms of socialist economy. The conference demanded that the labor departments at all levels concerned themselves with and support the collective economy and the individual economy and set up labor agencies to open more new avenues for young people awaiting employment. [HK130837 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 16 Dec 81]

YUNNAN LABOR DISCIPLINE--The Yunnan Provincial No 4 Construction Company has further strengthened and rigorously enforced labor discipline. According to relevant stipulations, the company recently fired 20 workers who were absent from their work over a long period of time without good reason, and recorded demerits for eight workers who violated labor discipline. The decision was supported by all staff and workers of the company. [Kunming Yunnan Provincial Service in Mandarin 1100 GMT 8 Jan 81 HK]

HUBEI GOVERNOR TO COLLECTIVES--On 25 December, governor of Hubei Province, Han Ningfu, visited staff and workers of several collective enterprises and individual industrial and commercial producers. Han Ningfu commended their positive effects and encouraged people awaiting employment to seek employment in collective and individual undertakings. Since the beginning of this year, the labor departments at all levels in Wuhan Municipality had devoted major efforts to promoting collective enterprises, the service trade, the catering trade, the repairing trade and the handicraft industry so as to open more avenues for employment. According to incomplete statistics: there are some 800 newly established collective undertakings throughout the municipality and some 3,000 newly developed individual producers. The promotion of collective and individual undertakings has not only opened up new avenues for those awaiting employment, but also enhanced the lives of the masses and made the market more prosperous. After visiting individual producers, Governor Han held a forum with nine representatives from collective and individual undertakings. Accompanying the governor were Vice Governor Chen Ming, mayor of Wuhan Municipality, Li Zhi, and other leaders from the relevant provincial and municipal departments. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 25 Dec 81 HK]

CENTRAL GROUP INSPECTS HUBEI--On the evening of 31 December, comrades of a State Council group headed by Vice Minister of Power Industry Chen Bocun to inspect financial work in enterprises in Hubei Province paid a visit to a thermal station together with responsible comrades of the Provincial People's Government, the Central China Power Bureau, the Provincial Power Bureau and other units. The purpose of their visit was to express regards and concern for the staff and workers of this station who persisted in production during the holiday seasons. They had discussions with the leading cadres and workers and inquired of the workers about their work, study and livelihood. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 1 Jan 82]

(SO: 4006/246

TRANSPORTATION

BRIEFS

NATIONAL RAIL NETWORK FIGURES--Beijing, 11 Jan (XINHUA)--Since the founding of the People's Republic of China 32 years ago, 29,000 kilometers of railway tracks have been laid, reported PEOPLE'S DAILY today. China has a total of 50,000 kilometers of operational line, the paper said. In the 73 years from 1987 to 1949, 21,000 kilometers of rail lines were built, however only 10,000 kilometers were operational. The vast majority of the railways were in the coastal region of east and northeast China. There were very few lines in the western section which makes up three-fifth of the country. Now the capital cities of all provinces and autonomous regions on the mainland except Lhasa, the capital of Tibet are linked by railway lines. The past 32 years, China has built 4,000 railway tunnels totalling 1,800 kilometers, 14,000 railway bridges, 8,000 kilometers of double track and 40 junctions. One thousand six hundred kilometers of railway lines have now been electrified. In 1981, 945 million passengers and 1,048 million tons of freight were transported, 6 times and 10.5 times the figures in 1950. [Text] [Beijing XINHUA in English 1222 GMT 11 Jan 82 OW]

QINGHAI RAILWAY--Xining, 15 Jan (XINHUA)--The first passenger train from Golmud on the Hargai-Golmud section of the Qinghai-Tibet railway reached Hargai station yesterday morning after a 20-hour run. About a thousand passengers changed there to a train bound for Xining, capital of Qinghai Province. The Hargai-Golmud section in Qinghai Province's Qaidam Basin is 653.5 kilometers in length. It is part of the first stage of the Qinghai-Tibet railway going from Xining to Golmud. The Xining-Hargai section of 181 kilometers has been open to passenger service for some years. A train journey from Golmud to Xining takes about 24 hours, while a bus journey takes 2 to 3 days. Golmud is a new transportation hub linking northwest and southwest China. The Qinghai-Tibet and Qinghai-Xinjiang highways as well as the highway from Dunhuang in Gansu Province all go through Golmud. [Text] [Beijing XINHUA in English 1233 GMT 15 Jan 82]

CSO: 4020/82

GENERAL

BRIEFS

SHAANXI TRADE WORK CONFERENCE--The provincial trade work conference was recently held in Xian. The conference emphatically discussed questions concerning purchasing and marketing of grain, contract and responsibility systems, procurement work of agricultural and sideline products and ideological and political work in the trade work system. The conference called for the staff and workers of trade work to seriously sum up their experience and set up management systems so as to strive for better economic benefits. No matter what kinds of responsibility systems have been introduced, we must base ourselves on serving the people and must not stress the importance of the individual and the collective's interests. The procurement departments must improve their work style so as to do a good job of procurement work for agricultural and sideline products. The conference unanimously held that the trade front should further do a good job of ideological and political work so as to overcome laxity and weakness. At present, we must overcome unhealthy trends, rectify our work style and improve the quality of services, and make more contributions to the four modernizations. [HK130841 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 17 Dec 81]

NINGXIA FINANCE, TRADE CONFERENCE--The Ningxia regional conference on financial and trade work which lasted 8 days concluded in Yinchuan on 26 December. The conference laid stress on the discussion of the issues concerning strengthening of ideological and political work, perfecting the management responsibility system and readjusting the policy on the procurement of some agricultural and sideline products. In the light of the spirit of the fourth session of the Fifth NPC, the conference put forth measures to do well financial and trade work throughout the region for next year. Li Li, vice chairman of the Regional People's Government, presided. Ma Xin, secretary of the regional CCP Committee and chairman of the Regional People's Government, spoke, demanding that leading cadres at all levels adhere to the four basic principles, dare to justly and forcefully grasp ideological and political work, dare to grasp and tackle the problems of graft, theft, violations of laws and discipline and unhealthy trends in individual units and strike blows at unhealthy trends. He also demanded that the region seriously do well in readjusting the policy on the procurement of agricultural and sideline products. [Yinchuan Xingxia Regional Service in Mandarin 2300 GMT 27 Dec 81]

WASTE MATERIAL PURCHASE--Beijing, 21 Jan (XINHUA)--China purchased 11.3 million tons of waste and used materials in 1981, 3.7 percent more than 1980, according to the CHINA FINANCE AND TRADE JOURNAL. These materials were worth 1,900 million yuan, an increase of 3.2 percent over 1980, the journal said. According to statistics for Beijing, Tianjin and Shanghai, the nation's largest cities, the waste materials were used to produce more than 9,200 ounces of gold, 25,000 kilograms of silver, 2,000 tons of nonferrous metals and 4,000 tons of cupric sulphate, aluminium sulphate and other chemicals. Last year, the journal said, 5.25 million tons of waste iron and steel were purchased throughout the country. Also purchased were 1.65 million tons of worn-out cloth and cloth shoes, waste cotton, waste hemp and scraps of paper. In addition, 240,000 tons of bones were purchased. Eighty percent of the purchased waste is industrial raw materials, the journal noted. Recovery and use help industrial production, save natural resources, reduce production costs and control environmental pollution. [Text] [Beijing XINHUA In English 0713 GMT 21 Jan 82]

CSO: 4020/86

XUE MUQIAO ON SETTING UP CENTRAL BANK

HK191057 Hong Kong TA KUNG PAO in Chinese 19 Jan 82 p 1

[Dispatch from Beijing: "China Needs a Central Bank"]

[Text] Beijing, 18 Jan--Noted Chinese economist Xue Muqiao recently suggested that the People's Bank of China should be reorganized into a central bank. In his letter to the first annual meeting of the Chinese Monetary Society which closed on 3 January, he said that China ought to reorganize the People's Bank of China into a central bank, strengthen its banking system and fully give play to the role of banks as the lever in the national economy.

Discussing the need to fully give play to the role of the central bank as the lever, Xue Muqiao said: For 30 years, we regarded banks as cashier's offices of finance departments and were unable to make them function as an economic lever. In the past, it seemed that the finance departments were the only channel for distributing public funds and all revenue and expenditure was handled by them. The local authorities, especially the enterprises, had little or no funds of their own. Three years ago, we adopted the practices of eating in separate kitchens in financial matters and of profit sharing in enterprises and changed the system of appropriating funds for capital construction projects to one of granting bank loans. As the local authorities and enterprises began to have more funds at their own disposal, bank deposits also grew substantially. Thus, the banks were able to share a great part of the responsibilities of finance departments by offering short and medium-term loans for buying equipment and for carrying out technical renovation in enterprises. They have gradually become centers for the turnover of public funds. Their tasks are greatly augmented. However, the existing monetary institutions (which do not have a central bank to assume overall control and a perfect banking system) and policy regarding interest rates are incompatible with the tasks shouldered by the banks. We only know that we can control investment by means of state plans, but we do not know that we can also control investment through the banks. As a result, a great part of the disposable funds of the local authorities, especially the enterprises are not put to good use.

This economist pointed out: The central bank can control the flow of public funds and prevent credit inflation mainly by exercising control over the issuance of currency and revising the interest rates. At present, our bank interest rates are too low. This is not conducive to absorbing public funds and curbing duplicate and wasteful construction. The enterprises prefer to invest their disposable funds

in construction than to deposit the money in the banks because they are only offered a 1.5 percent interest rate. The 4.2 percent interest rate on bank loans is also too low. It tends to encourage the enterprises to use bank loans indiscriminately for unplanned construction. This is a major cause of last year's overinflated investments beyond the state plans. In order to control blind investments and guard against credit inflation, it is necessary to set up a central bank worthy of the name and revise the interest rates on deposits and loans. The noted West German economist (Gutovsky) [Gu Tuo-fu-si-jí 0657 2094 1133 2448 1015] said: In the western countries, the central bank and the commercial banks are in opposite positions. For the sake of making more profits, the commercial banks will try their best to increase loans and investments. This often leads to credit inflation. However, the principal task of the central bank is to prevent credit inflation. This can be done in two ways. First, it may ask the commercial banks to hand over a given percentage of their deposits as cash deposits. Second, it may revise the interest rates on loans and deposits and raise the percentage on the cash deposits and the interest rates on loans and deposits in times of credit inflation. We too must reorganize the People's Bank of China into a central bank, set up separate commercial banks to serve enterprises and residents wishing to make deposits and secure loans and strengthen the banking system in order to fully bring into play the role of banks in regulating public funds and guard against possible credit inflation.

CSO: 4006/245

TAIWAN PREMIER ON COUNTRY'S INDUSTRIALIZATION

OW200339 Taipei CNA in English 0241 GMT 20 Jan 82

[Text] Taipei, 20 Jan (CNA)--The Republic of China is expected to complete its industrial transformation in the latter part of the 1980s and become a modern industrial country, Premier Sun Yun-hsuan said Tuesday.

In an answer to reporter's question at a news conference, Premier Sun said that to help elevate the nation's industry to higher status, the government will adopt a two-pronged strategy, (one) is to prod the existing industry toward automation and also to raise labor productivity. He said the administration will also encourage industry to push research and development and tighten up operations and management, thus raising their competitiveness in the international market.

Other areas the administration would like to move further into are promotion of various strategic industries development such as the information industry (including electronics and computers), the automation industry (such as precision machinery and tools) as well as the export-oriented automobile industry which will require a combination of private capital and talents as the industry heads into a technology-intensive future.

Premier Sun said that the government's responsibility is to create a favorable investment climate for the development of technology-intensive industries.

In making this transition, Premier Sun said, the key problem for industries is at the breakthrough of scientific technology which in turn relies on the cultivation of talents. The ROC should seek, he asserted, to accelerate the cultivation of talents and cooperate with industry in making adjustments to accommodate its needs.

In answering another question on the introduction of robots to the domestic industry, Premier Sun said that using robots to replace human labor working at the factories will be the next industrial revolution and the ROC will face the advent of robots here soon.

The ROC's potential in developing robots is undeniable, the premier said, what we have to do is to lead ambitious private entrepreneurs to bring together capital and foreign technologies to develop robots. A large foreign company recently contracted with an organization here, ordering 1,000 robots. Although the contract has not yet been fulfilled, Premier Sun said, the ROC's future in manufacturing robots is beyond question.

CSO: 4020/87

TAIWAN PREMIER TALKS ON PRICES, ECONOMIC GROWTH

OW200301 Taipei CNA in English 0233 GMT 20 Jan 82

[Text] Taipei, 29 Jan (CNA)--Premier Sun Yun-hsuan Tuesday procluded any large scale price inflation in the coming year, saying that there are no such predicable factors in existence to stimulate a big price hike in this country.

Explaining the spiraling prices recorded in the past 2 years, he attributed them to the increasing cost of imported commodities and the continued increase in wages. However, he said, these factors will no longer be there in view of the stability of oil prices and the improvement in the labor supply market.

Maintaining price stability and promoting economic growth have long been the established government policy and this policy will continue to prevail, he said.

The relaxation of credits to businessmen and industrialists this time will help them tide over their financial difficulties. At the same time, the government has taken precautions to stave off possible inflation, he said.

Examples of these include the tightening of government spending, such as curtailment of capital investments on public projects, control of the money supply, maintaining it at a level of 13 to 15 percent, and stockpiling essential commodities to insure sufficient and constant supply, the premier said.

The capital investments on the 9 special projects proposed at the meeting of the Executive Yuan were incorporated in the 4-year economic plan and will be carried out in the specified period, he said.

These nine projects were designed to strengthen the national power, raise the living standards of the people and creation of social welfare which will be implemented by responsible government agencies, he said.

Premier Sun also urged private participation in economic affairs on the part of businessmen and industrialists to determine policy issues and evaluate proposals.

Representatives from various industries will be invited to participate in the science and technology conference scheduled to be held next month in this country, the premier said.

CSO: 4020/87

BRIEFS

FOREIGN TRADE FIGURES--Taipei, 9 Jan (CNA)--The Republic of China's foreign trade last year totaled U.S.\$43.8 billion, up 10.8 percent over the preceding year, with a surplus of U.S.\$1,413 million. The customs-clearance figures were released Saturday by the Executive Yuan's Directorate General of Budget, Accounting and Statistics. The agency listed exports at \$22,607 million, up 14.1 percent, and imports at \$21,193 million, up 7.4 percent. Textiles continued to top the exporting list, totaling \$4,639 million and accounting for 20.5 percent of the total exports. Other main export items were electronic products, worth \$3,324 million; footwear, \$1,567 million; wooden products, \$1,143 million; and metallic products, \$1,051 million. In imports, crude oil accounted for 21 percent of the total imports with \$4,452 million. It was followed by machinery, \$2,664 million; electronic products, \$1,621 million; chemical products, \$1,552 million; and steel, \$1,483 million. The United States and Japan remained the largest two trade partners of Taiwan. Exports to the U.S. reached \$8,162 million and imports from that country were \$4,765 million. Japan's exports to Taiwan topped \$5,924 million and its imports from Taiwan were only \$2,476 million. [Text] [Taipei CNA in English 1403 GMT 9 Jan 82]

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